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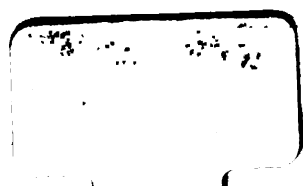
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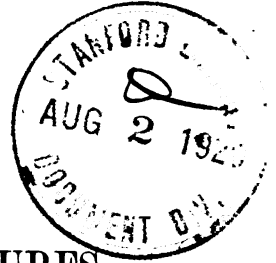
# INCREASED PRICE OF SHOES

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HEARING

BEFORE A

SUBCOMMITTEE OF THE  
COMMITTEE ON MANUFACTURES  
UNITED STATES SENATE



SIXTY-SIXTH CONGRESS

SECOND SESSION

PURSUANT TO

**S. Res. 317**

A RESOLUTION DIRECTING THE COMMITTEE ON MANUFACTURES  
TO ASCERTAIN IN EVERY PRACTICABLE WAY THE CAUSES  
FOR THE INCREASED PRICE OF SHOES IN THE  
UNITED STATES.

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**PART 1**

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Printed for the use of the Committee on Manufactures



WASHINGTON  
GOVERNMENT PRINTING OFFICE  
1920

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# INCREASED PRICE OF SHOES.

FRIDAY, APRIL 9, 1920.

## UNITED STATES SENATE, SUBCOMMITTEE ON MANUFACTURES, *Washington, D. C.*

The subcommittee met in the committee room, Capitol, at 10.30 o'clock a. m., Senator Charles L. McNary presiding.

Present: Senators McNary (acting chairman) and Kenyon.

Senator McNARY. This hearing is held pursuant to Senate resolution 317 offered by myself on the second of March, 1920, having for its purpose an investigation into the cost of shoes and of all the elements which enter into their manufacture.

The chairman of the Committee on Manufactures, Senator La Follette, appointed a subcommittee, consisting of himself, the acting chairman, and Senators Kenyon, Jones of New Mexico, and Pomerene. In the designation of the subcommittee Senator La Follette asked me, he being absent on account of illness at his home in Wisconsin, to act as chairman.

I am not prepared, nor is the subcommittee prepared to plunge deeply into this inquiry this morning on account of lack of certain material which I think would be helpful to the subcommittee. But it was suggested by Senator Kenyon that Mr. Welliver, who is an authority on this subject, be heard as our first witness pending the preparation of data and the appearance of other witnesses in the future, and in the very near and immediate future.

At this point I wish to place in the record the resolution which furnishes the basis for our hearing, Senate resolution 317:

*Resolved*, That the Committee on Manufactures is hereby authorized and directed, by subcommittee or otherwise, to ascertain in every practicable way the causes for the increased price of shoes in the United States, the labor, material, and other costs, and the profits of manufacturers, wholesalers, jobbers, and retailers of shoes, and of the manufacturers, wholesalers, and distributors of leather, thread, shoe machinery, and other articles required for the manufacture of shoes, with a view to determining who or what may be responsible for such increased prices. For this purpose such committee, or any subcommittee thereof, may sit during the recess and sessions of the Senate, at such times and places as they deem advisable during the Sixty-sixth Congress, and may employ a stenographer, at a cost of not to exceed \$1 per printed page, and such other clerical assistance as may be necessary. A report of the results of such investigation shall be made to the Senate, together with such recommendations for legislation as may be deemed necessary and practicable. The expense of such investigation shall be paid out of the contingent fund of the Senate.

Senator McNARY. Mr. Welliver, if you will give your name, occupation, and address to the reporter, you may proceed in your own way and as you think will be best calculated to give to the subcommittee the information you possess which will throw light on this question.



**STATEMENT OF MR. JUDSON C. WELLIVER, WASHINGTON, D. C.**

Mr. WELLIVER. Mr. Chairman and gentlemen of the committee, first denying the amiable imputation that I am an expert on shoes or anything of the sort, I perhaps may be pardoned if I explain that I do not know any more about shoes than anybody else who has paid recent prices asked for them, other than from the fact that doing some writing recently I have been compelled to make an investigation of some of the data which the Federal Government has heretofore got together, and consider that in the light of some things I learned about the control of production and distribution in European countries while I was there during the war.

I am going to further ask your indulgence if for the moment I seem to wander away from the subject in hand for, after all, what I want to say will not be so entirely inappropriate to the subject as it may appear at first.

In the early spring of 1918 I was in England at the time when the annual vital statistics of the United Kingdom were published. Shortly thereafter the British Medical Association held its great annual meeting. The members of that association were utterly unable to account for some strange phenomena that presented themselves in the vital statistics, namely, that during the year 1917 the death rate among children in the United Kingdom had fallen off 49 per cent. Just about one-half as many babies under 5 years of age had died as usually die under normal conditions in that country. It was perfectly unaccountable. It could not be explained. Learned doctors studied the subject at great length but were baffled in their efforts to locate the cause and finally arrived at the decision that there was no manner of accounting for it, until an old Scotch doctor got up and said: "Gentlemen, I think I can answer the conundrum. Babies do not die because even though we have only about 60 per cent of the normal supply of milk in Great Britain the babies have had milk enough for the first time in the history of this country." Thereupon they accepted his explanation of the reason why only half as many babies had died as would be normally expected to die.

I would point out that that was accomplished under the stress of war conditions because the Government took vigorous control of the distribution of milk. If one walked into a public eating place in a British city, asked for a glass of milk and got it, he was liable to a fine of £5, and the person who sold it to him to a like fine. But the babies got their milk, and did not die. That was during 1917, when England was nearest to its food crisis, when the people were constantly told that they were living within 72 hours of starvation.

Gentlemen of the committee, that is what control of one of the necessities of life accomplished in England.

The other day a committee of executives of British cities appeared before the premier to ask that the Government take over and conduct as a public national utility the distribution of milk in cities. They pointed out the wonderful accomplishments of governmental control during the war and demanded that the Government indicate its sympathy with the idea that what had been proven a good thing in war times might also be a good thing in peace times; that the instrumentalities of control and regulation should not be immediately

demobilized; and that the milk business should not be allowed to return to the conditions of peace times. The premier listened with a good deal of sympathy, but said the Government had so many troubles on its hands that it was impossible to take over milk. But he added that if any municipalities needed special authority to authorize them to take over the control of milk the Government would get the necessary legislation passed. I speak of this, although, apparently, it has nothing to do with the subject before this committee, because it seems to me to illustrate that investigations of the sort you gentlemen are about to make will inevitably be of little value unless they lead to the adoption of measures that will improve conditions. The world over people have a new conception of the possibilities and advantages of controlling the necessities of life in the public interest; they have that conception by reason of what was accomplished during the war. In Great Britain, at a time when there was less of everything for public use than there ever had been before, regulation of distribution and to a considerable extent of prices made it possible for the great mass of the people to be better provided for than they had ever been before. There never was a time under normal conditions in England when so many people had all the food they needed or when so many people were so well clothed as during the war, and that came about for the simple reason that they had Government regulation and control of foodstuffs and clothing.

The world to-day, learned during the war the social advantages resulting from Government control. The unrest exhibited everywhere—no matter whether it is in Russia and called bolshevism, or in France and Italy and called radical Socialism, or in this country and called what you will, may be allayed only by giving the people in some measure those advantages which accrued to them during time of war. The people have made the discovery that the Government, with proper use of its authority, can accomplish many things for the amelioration of living conditions that it does not accomplish in ordinary times. During the war, under the stress of necessity, Governments were compelled to adopt extraordinary measures.

The people want results. There has been a good deal of evidence abroad that control of prices, of distribution, production, during the war impressed the masses of the people that if those things were good in time of war, they are good in time of peace. It is perfectly apparent that the real reason for the rise of the British Labor Party and of its becoming rapidly the dominating force in that country, is the demand of the people that the public control in the public interest shall not be immediately demobilized in time of peace.

In this country the War Industries Board was accomplishing very much the same thing as the various trade controllers were accomplishing in England. But instantly upon the close of the war the War Industries Board's restrictions were removed. It seems to me that your committee would do a very useful service if you would consider the methods of control in force in the different countries under stress of war, determine what methods produced most effective results, and consider to what extent, those methods may be adopted to the requirements of peace time control. We face a long struggle with the effort to get from under the conditions that we have inherited from the war.

Senator McNARY. I might add in this connection that the Congress took the view that you suggest in respect to sugar, last fall, and the committee which investigated the shortage was convinced of the necessity of having the Sugar Equalization Board continued, and provided machinery therefor, but it was not put into execution by the President. His inertness—and I do not use the language as my judgment but refer to the record which speaks for itself—is the cause of the present high price of sugar. It was on our recommendation that this machinery was provided, but inasmuch as the President did not initiate those functions the Sugar Equalization Board notified me a few days ago that it has gone into liquidation.

I have a cablegram from the President of the Republic of Cuba, which is as follows [reading]:

Sugar market unsteady. Impossible to fix price to include all sales. April price, f. o. b., \$13.83. Crop will be largely reduced by continuous lack of rain.

I received that cablegram a few minutes ago. Last year, during control, the same sugar sold, f. o. b. Cuba, at 4½ cents a pound, and if that control had continued it would come to America at not over 6 cents a pound f. o. b. So, using that illustration of the releasing of control in time of peace, as demonstrated by the sugar situation, sugar has gone up and will perhaps attain a still higher price than ever.

I noticed this morning that the American Sugar Refining Co. raised the price of sugar on yesterday to 15½ cents. That is to the wholesaler. Now, if control of sugar had continued and the principle which you advocated had been followed, if the authority given the President had been employed and carried out by a board such as was provided by the Congress, sugar would be selling to-day at retail somewhere around 12 or 13 cents a pound.

Mr. WELLIVER. I think so, undoubtedly.

Senator McNARY. I simply made that digression for the purpose of illustrating the point you are making.

Mr. WELLIVER. The case of the War Industries Board I think was even more egregious. The committee I think would be very much interested if it would ask Mr. Baruch to discuss the program that the War Industries Board had inaugurated, and that was well on the way to formulation and enforcement, at the time the war ended. If the war had continued another year the industries of this country would have been mobilized and under complete control. It is quite astonishing to what extent Governments put the grip of regulatory control on industry generally. That was true in Germany, Great Britain, Italy, France, all Europe. And it would have been true in this country in another year of war, and I think under a system perhaps more effective and more nearly scientific than in any other country. Our War Industries Board was attempting to avail itself of the experience of other countries and probably would have had a more nearly perfect system than any of them.

Instead, however, of continuing control into the era of peace, the War Industries Board was demobilized and the thing ended.

In the case of shoes, you will find that the price of shoes had risen very steadily from the beginning of the war down to about the time of the creation of the War Industries Board.

Senator McNARY. Pardon me. Do you mean from the beginning of the European war and before our participation therein?

Mr. WELLIVER. Yes, sir; from the beginning of the war in Europe. The War Industries Board found that the basis of the shoe, which is the hide, was controlled by the American packers, who buy the most of the hides in this country, classified in about equal quantities as "packer hides" and "country hides," and that about half the leather produced in this country is from imported hides. Imported hides nearly all come from Argentina or Australian sources controlled by the American packers. So the American packers were in almost complete control of the hide market.

Senator McNARY. Pardon me one moment at that point. In regard to packer hides and country hides, I want to place in the record an excerpt from Hide and Leather, Chicago [reading]:

Prices of packer hides have increased more than prices of country hides. In 1913 the difference in price between the packer heavy cow and the country heavy cow was about 2 cents. At present this differential is about 10 cents.

Mr. WELLIVER. I think it was some time in the spring of 1918 that the War Industries Board set a price of approximately, if not exactly, 33 cents a pound on certain standard grades of hides, which represented a very slight reduction from the current rate at that time, for a period of three months.

Senator McNARY. What date was that?

Mr. WELLIVER. Some time in the spring of 1918. That put an end to the rise in prices of hides. It was for the period of three months. And at the end of the three months they reduced the price to 30 cents. Immediately the effect began to be reflected in the price of shoes. All this you will find if you will investigate the very excellent report of the Federal Trade Commission on "Leather and shoe industries."

Senator McNARY. Was that published in August, 1919?

Mr. WELLIVER. Yes, sir. If you will turn to page 34 of that report, you will find a table head "Table 8—Comparison of cost of leather in men's shoes, per pair, 1914–1918—Continued." The cost of leather in shoes constantly and regularly increased from 1914 to 1917, but in 1918, as shown in the last column of the table, you will find an index figure for reference opposite many of the leather prices, and it refers to the fact that in 1918 there was the beginning of a decrease for the first time. That was the result of regulation. That decrease continued so long as control of prices was continued. Immediately after control was removed prices went up again.

Senator McNARY. You spoke about the early part of 1918 the War Industries Board placing a price of 33 cents for a period of three months. That was per pound for certain shoe leather?

Mr. WELLIVER. Per pound for certain leather.

Senator McNARY. That was for a pound of leather?

Mr. WELLIVER. Yes, sir.

Senator McNARY. And that later they reduced it to 30 cents a pound?

Mr. WELLIVER. Yes, sir.

Senator McNARY. Was that for the same grade and quality of leather?

Mr. WELLIVER. That is the statement that the Federal Trade Commission made to me; yes, sir. And there would probably have been

further reductions if the war had continued. At any rate, the control had already begun to have its effect.

Senator McNARY. Speaking of the War Industries Board—and I would like to finish the subject before you leave it—do you know whether in September or in the fall of 1919, some weeks prior to the signing of the armistice, the War Industries Board was negotiating with shoe manufacturers, brokers, and dealers with respect to prices for certain grades and styles of shoes?

Mr. WELLIVER. I understood so.

Senator McNARY. Can you discuss that phase of it?

Mr. WELLIVER. I can not with regard to the experience in this country, but I want to tell you later of the experience in England, where they actually put that procedure into effect during the war, and with very excellent results.

Senator McNARY. Before we go by that point, I have an interesting article set forth in the *Globe and Commercial Advertiser*, New York, of Monday, April 5, 1920, which I shall not read in full, but will place in the record, but for the purpose of the question at this time I will say that it sets forth that the shoe manufacturers, wholesalers, and retailers in the United States agreed upon a scheme of price fixing, which limited the price of the most expensive grades of shoes to \$12 a pair. But, of course, before this understanding was consummated the armistice was signed and the War Industries Board went out of existence. Under that agreement shoes were placed in three classes—class A, class B, and class C. The prices for class A shoes were from \$3.50 to \$5; the prices for class B shoes were from \$5.50 to \$8; the prices for class C shoes were from \$8.50 to \$12. According to this article, which sets forth certain records which it is claimed were obtained from the War Industries Board, it is stated that those people had tentatively agreed upon this scale of prices.

Mr. WELLIVER. I think that is true.

Senator McNARY. If that is true it indicates that shoes which are now selling from \$12 to \$20, and even \$26, according to prices from New York, have been increased in price without cause. I think it would be interesting to place this article in the report of the hearing for what it may be worth. And I shall try to get from the War Industries Board a verification of the tentative contract referred to.

(The article from the *Globe and Commercial Advertiser*, New York, of Monday, Apr. 5, 1920, is here printed in full in the record, as follows:)

#### BROKE \$12 SHOE LIMIT PLEDGE.

MAKERS AND DEALERS PROFITEERING, SAYS MEMBER OF WAR INDUSTRIES BOARD.

[By Arthur D. Howden Smith, staff correspondent of the *Globe*.]

WASHINGTON, April 5.—If you happened to buy a pair of shoes in the last year, you must have been impressed at the price you paid. Wouldn't you have been more impressed if you had known that in September, 1918, just before the end of hostilities, the shoe manufacturers, wholesalers, and retailers of the United States agreed upon a scheme of price fixing which limited the cost of the most expensive grades to \$12?

The fact is, that according to former officials of the War Industries Board, the shoe manufacturers and dealers throughout the country have been and still are profiteering. Industrial experts, who have studied the situation, say that prices to-day are averaging about 30 per cent above a rational level.

This charge, of course, is denied by the shoe dealers, and it is minimized by the officials of the Department of Justice, who have been in charge of the abortive campaign to reduce the high cost of living. The Department of Justice admits that there is gross profiteering in shoes in certain States, but claims that these abuses have been stopped. Officials of the department also assert that the principal reason for the continuing high level of shoe prices is to be found in the chaotic condition of the hide and leather market.

#### MATERIALS SCARCER THEN.

All this may be true, and yet the fact remains that at a time when the crisis of the war was still in doubt, when raw materials, chemicals, labor, and machinery were more difficult to get than now, the shoe men of the United States, through their national organizations—the Shoe Manufacturers' National Association, the National Shoe Wholesalers' Association, and the National Shoe Retailers' Association—agreed upon a scheme of price fixing, worked out by C. F. C. Stout, chief of the hide, leather, and tanning materials' section of the War Industries Board, under the general supervision of Bernard M. Baruch, chairman of the board, which arbitrarily classified all shoes into three price zones.

Under the agreement to which the shoe man assented, the prices of class A shoes were to be between \$3.50 and \$5, class B between \$5.50 and \$8, and class C between \$8.50 and \$12. These were the retail, not the wholesale, prices.

The agreement provided that the class and price of every shoe should be stamped on its sole; that every manufacturer, wholesaler, and retailer should be licensed by the War Industries Board; that the tanners and sellers of manufacturing materials should refuse to supply any manufacturer who violated its terms; that the manufacturers should withhold their products from wholesalers or retailers who likewise trespassed it. The agreement was to go into effect October 1, 1918.

#### SUDDEN ARMISTICE HELD UP PLAN.

The early declaration of an armistice prevented the price-fixing scheme from actually going into effect. But consider what has happened since. In 1918 hides were at a premium. In the language of a special bulletin on the boot and shoe trade just issued by the National City Bank of New York:

"Large importation of this class of material in the fiscal year 1919-20, is due in part to the peculiar conditions during the closing year of the war, and especially to the embargo which those nations participating in the war placed upon the exportation of materials of this character."

I quote further from the same bulletin:

"Prices of boots and shoes have apparently no terrors for the American public. The quantity of material being imported for their manufacture is two and one-half times as much as last year, and the sums paid therefore four times as much. The quantity of hides imported into the United States in the seven months ended with January, 1920, is 545,000,000 pounds, against 210,000,000 in the same months of last year, and the stated value \$241,000,000, against \$59,000,000 in the same months of last year."

#### ENORMOUS LEATHER IMPORTS.

While not all of this material is used for the manufacture of shoes, the increase in those classes distinctly used for shoes is very great. For example, in the seven months ending January, 1920, 50,000,000 pounds of calfskins, valued at \$27,000,000, were imported. In the seven months ending with January, 1919, only 3,000,000 pounds of calfskins, valued at a little more than \$1,000,000, were imported. It is true, however, that while the quantity of hides imported increased, the price per pound rose likewise. In January, 1920, calfskins sold for 56.6 cents per pound, as against 18.4 cents in November, 1918.

Goatskins also showed practically the same increase in quantity imported and in the price per pound, rising from 54.1 cents in November, 1918, to between 95.5 cents and more than \$1 last January. Cattle hides, too, showed considerable increase in bulk and price, although not so marked. The price per pound moved from 22.2 cents in November, 1918, to 36.6 cents last January.

## DENOTE PECULIAR CONDITION.

These figures denote a peculiar condition—an enormously increased supply of raw materials commanding an equally enormous increased price. It is, of course, a condition found in almost all industries, and undoubtedly is in part a result of currency inflation and labor unrest.

The question is: Does the increase in the price of raw materials justify the present price of shoes, in view of the willingness of the shoe men to limit their most expensive product to \$12 a year and a half ago? The kind of shoe which was to retail at \$12 then now commands from \$16 to \$20.

It may be interesting to quote from the manufacturers' note to the War Industries Board on the projected price-fixing scheme, which conversely was equally a profit-limiting scheme. The manufacturers themselves said:

"We believe under the plan and with the suggestions put into practice, bearing in mind that the utilization of the better grades of leather by the manufacturers of the higher grades of footwear reduces the cost of leather for the manufacturers of the lower grades and fills a want, that it will be possible to secure the utmost conservation of men, materials, and capital, provide the greatest service, and produce shoes that can be retailed from \$3.50 to \$5, from \$5.50 to \$8, and from \$8.50 to \$12 in men's and women's shoes, and in boys', youths', little gentlemen's, misses', and children's shoes of corresponding grades in proportion."

## PLEGGED TO NORMAL PROFIT.

And the shoe men further pledged:

"In order to follow out the spirit of this undertaking, we further agree to market our present stocks at prices that shall be based upon cost, plus transportation charges, plus a normal percentage of profit."

The spirit of these undertakings prompts one to inquire why patriotism and unselfishness should be restricted to war times? Wouldn't it be a good thing for the country and the shoe dealers and manufacturers if the point of view revealed above could be continued indefinitely in all trades and industries?

The schedule to which the shoe men subscribed, and which was intended to govern the sale of goods turned out for the spring trade in 1919, was as follows:

## Class A (embraces work shoes and semidress shoes):

Men's and women's.....	\$3.50-\$5.00
Boys' and misses'.....	2.50- 4.00
Youths' and child's.....	2.00- 3.00
Infants'.....	1.75- 2.50
Babies'.....	.75- 1.50

## Class B (embraces work shoes of the best type and shoes for general wear of good style and shape):

Men's and women's.....	5.50- 8.00
Boys' and misses'.....	4.50- 6.00
Youth's and child's.....	3.00- 4.50
Infants'.....	2.50- 3.50
Babies'.....	1.75- 2.50

## Class C (embraces shoes of the best leather or fabrics and superior shoemaking): Men's and women's.....

8.50-12.00

It is difficult to believe that conditions of supply, manufacture, transportation, and marketing are so much more severe to-day than they were during the last of the war years that the prices fixed above should be doubled. If, however, conditions have been aggravated in proportion to the increase of prices, then it would seem that it is time for the Government to investigate the situation.

**Mr. WELLIVER.** The Federal Trade Commission investigators show that since the instrumentalities of regulation were put out of commission the trade generally, all the way up from the hide dealers to the retail shoe dealers, proceeded to take up the slack, and prices went up more rapidly than ever before, until now they have reached the point which they would have reached if there had been no regulation. A few months ago a subcommittee of the Senate Committee

on the District of Columbia investigated the high cost of living in the District of Columbia. One of the witnesses before the committee was Mr. Herbert Rich, of B. Rich's Sons, shoe retailers. Mr. Rich testified that their business, which is an old, long-established, and successful one, in 1914, on a capital investment of something over \$77,000, had net profits of \$2,044; that in 1917 their net profits were \$18,743; and in 1918 net profits were \$64,743. And that was after paying excess profits and other taxes, and salaries of \$5,200 to each of two partners, and of \$6,200 to a manager. Those earnings came out of a modest F Street business.

Senator KENYON. What was the capital invested the last year you mentioned?

Mr. WELLIVER. The capital invested in 1914 was \$77,759; in 1917, \$95,222; and in 1918, \$111,924.

That investigation in some respects was unsatisfactory, because they did not analyze the elements that go into expense. In the showing of profit it is not indicated whether the dealers followed their usual rule, a very unsound and uneconomic rule, of including borrowed money as capital. The Federal Trade Commission has determined that borrowed money is not to be considered as capital. The interest that is paid on borrowed money is to be classified as one of the expenses of the business, but the borrowed money itself is not to be considered in making up the rates of profit.

Senator KENYON. Did they include borrowed money?

Mr. WELLIVER. It is not shown, but I suppose that is the method followed, because it is usually followed unless ruled out. The case I have cited of B. Rich's Sons is not an egregious case in Washington. Washington shoe dealers agreed that the ordinary percentage that they add to the cost of shoes to them, in order to make the retail price, was 66½ per cent. That is, a shoe costing the retailer \$6 would be sold for \$10. And I was concerned to know whether that ratio of profit exacted by the Washington dealers was excessive, so I asked particularly at the Federal Trade Commission whether their general investigation indicated it was unusual, and they said no; it was approximately the regular rate. As to fancy and expensive shoes, the dealers add frequently a greater percentage. The Trade Commission investigation does not cover fancy shoes, because they are not comparable from year to year by reason of changes in style.

Senator KENYON. Have you ever considered the average number of shoes that the American buys in a year? Do some buy many pairs and some get along with a few, and, on the average, do they buy probably two pairs of shoes a year, anyhow?

Mr. WELLIVER. I do not know, but I suppose figures on marketing and production of shoes would develop that. I do not know whether such figures are in this printed document of the Federal Trade Commission entitled "Report on leather and shoe industries," or not.

Senator KENYON. And you do not know the average number of pairs of shoes that the average American buys?

Mr. WELLIVER. No, sir.

Senator KENYON. If the average American has been buying two pairs of shoes a year, he has been pretty well robbed, hasn't he?

Mr. WELLIVER. Yes, sir. After getting at some data about retail prices of shoes I was anxious to find out what the actual cost of shoes



was. I went to the Federal Trade Commission people for information. I there got a biography of a man's shoe that had sold in the market in 1918 for \$12 and that would now sell considerably higher than that, probably for \$13.50 or \$14. In 1914 that shoe cost the retail dealer \$4.50 and he sold it for \$6.50. In 1917 it cost the retail dealer \$7.25 and he sold it for \$12. In 1918 it cost the retail dealer \$8 and he sold it for \$12. In other words, the \$6.50 shoe of 1914 had gone up to \$12 in 1917. The cost of that shoe to the manufacturer was, in 1914, \$3.66, and he sold it for \$4.80.

Senator KENYON. To the wholesaler?

Mr. WELLIVER. Yes, sir; or possibly to the retailer, because about half of the shoes are sold direct from manufacturer to retailer and do not go through a wholesaler.

In 1915 that shoe cost the manufacturer \$3.87 and he sold it for \$4.65; in 1916 it cost the manufacturer \$4.05 and was sold by him for \$5.14; in 1917 it cost the manufacturer \$6.28 and he sold it for \$7.35. That is the same shoe that was costing at retail \$12 in 1917 and 1918, and that now is costing \$13.50 or \$14.

Now, I want to go back to what seems to me the most impressive part of this story. In 1914 the leather in that shoe cost \$2.03. Other materials cost 30 cents—

Senator McNARY (interposing). They were trimmings and what?

Mr. WELLIVER. Trimmings and eyelets and threads and every other material besides leather.

Senator KENYON. What did the labor cost?

Mr. WELLIVER. The labor cost 87 cents. All these together make the finished article. In 1917 the leather in that shoe had risen to \$4.09 and other materials to 49 cents, and labor to \$1.04. Between 1914 and 1918 the cost of leather had increased 77 per cent, and of other materials 102 per cent, while the increased cost of labor was only 34 per cent. The cost of other materials, in percentage, had increased three times as much as the cost of labor, and the cost of leather had increased 2½ times as much as the cost of labor.

The leather cost, in proportion to other elements, increased very greatly from 1914 to 1917. In 1914, the commission states:

Leather constituted some 50 to 70 per cent of the total cost of all shoes, except infants' shoes, in which it was less; and by 1917 this percentage had increased to about 60 to 75 per cent for all shoes.

Senator McNARY. What did labor cost? Have you that worked out?

Mr. WELLIVER. At what period do you want it?

Senator McNARY. You spoke about the cost of leather in 1917.

Mr. WELLIVER. I have not the percentage that is represented of the total cost.

Senator McNARY. I have this—that in 1914 the cost of the leather in a shoe was about 58 per cent and the cost of the labor 22 per cent; and that in 1917 the leather cost had risen to 67 per cent of the total cost while labor had fallen to 15.7 per cent of the total cost.

Mr. WELLIVER. Labor had fallen?

Senator McNARY. Yes, sir; in proportion to the cost of the shoe. This is a report that I received yesterday from the Federal Trade Commission.

Mr. WELLIVER. That is a later report and brings it down to date.

Senator McNARY. That does not mean that labor was cheaper but that in proportion it was a smaller factor as compared with the total cost of the shoe. There was a remarkable increase in the cost of leather, and an increase perhaps in the cost of labor, but as represented by percentages of total costs of the shoe the proportionate cost for labor was less.

Mr. WELLIVER. There was a considerable increase in labor cost in 1917 over 1914, but not nearly so great as the increase in cost of leather. Of the 47 grades of shoes studied by the commission, 44 had an increase of less than 20 per cent for labor and 23 an increase of less than 10 per cent.

If you inquire as to the earnings of industries that contributed to producing the shoe, you will find that in 1914 the hide and tanning industry was generally prosperous. The Trade Commission found that, for a large number of tanning companies, the average earning in 1914 was 12.9 per cent on capital; in 1917, 25.7 per cent, or almost precisely double. That is, earnings on capital in the tanning industry had increased 100 per cent, while earnings of labor had increased 34 per cent.

Senator KENYON. If the income-tax returns were published, they would tell a very interesting story on this matter.

Mr. WELLIVER. Yes, sir. In 1916 and 1917 the tanning concerns earned from more than 20 per cent to as high as 40, 50, and 60 per cent on their investments, and some even more.

It becomes interesting therefore to inquire who gets the profit from the tanning business? Who are the tanners? On that point the Federal Trade Commission says:

The five large meat packers have become a considerable factor in the leather business. They own and operate tanneries and have large quantities of leather tanned under contract in outside tanneries. In 1917 Armour & Co. produced in its own tanneries one-fifteenth of all the sole leather in the United States. Swift & Co. was also a very large producer of upper leather. The packers can place every tanner using the more desirable grades of hides in a position of paying the price they ask or risking further competition from them.

Senator KENYON. I suppose that is a statement that shows the Federal Trade Commission to be a socialistic body, in the minds of some people?

Mr. WELLIVER. Oh, yes; the Federal Trade Commission is a very dangerous body, according to the ideas of some people.

Senator KEYYON. And it is being investigated?

Mr. WELLIVER. Yes; but not as rapidly as at one time seemed to be contemplated.

I think I said a moment ago that about one-half of the leather made in this country is from imported hides, and that most of the imported hides come from foreign slaughtering establishments owned by the American packers. Another investigation made by the Trade Commission, at an earlier period, had to do with the hide business; and in their report, which I have not here, it was shown that at a time when prices of hides and of leather were reaching unprecedented figures, the packers had in storage the largest quantity of hides that was ever gotten together in the world at one time, and were holding them off the market to keep the price high.

Senator KENYON. Do you mean that they were trying to keep prices high during the war?

Mr. WELLIVER. Yes; they were trying to keep prices high during the war, and they very effectively accomplished that purpose.

Now, having followed a shoe, which cost the manufacturer \$6.03, to the wearer who paid \$12, I made some inquiry as to whether the difference, \$5.97, was an excessive expense for transporting it—shoe—from manufacturer to wearer. The Federal Trade Commission report answers that in these words:

There can be no justification for prices being as high as they have been; and the tanners, manufacturers, and retail dealers made profits not warranted by the circumstances.

While the profits of tanners approximately doubled from 1914 to 1917, the profits of shoe manufacturers showed substantially a corresponding increase, and the retailers generally appear to have shown a vastly greater proportionate increase of profits.

Senator KENYON. The retailers?

Mr. WELLIVER. Yes, sir.

Senator KENYON. Profiteering, then, has not been confined to the retailers?

Mr. WELLIVER. Oh, no; profiteering has been in everything—in hides, manufacturing, wholesaling, and by everybody.

Senator McNARY. I want to put into the record at this point an excerpt from the report of the Federal Trade Commission, published August 21, 1919, entitled "Report on Leather and Shoe Industries," which states [reading]:

Taking into consideration all the circumstances, the high prices of shoes in 1917 and 1918, can not be justified. Leather manufacturers, shoe manufacturers, and retail shoe merchants all made unprecedented profits.

Mr. T. M. Robertson, who had charge of the preparation of this report for the Federal Trade Commission, testified before Senator Ball's subcommittee when they were investigating the high cost of living in the District of Columbia [reading]:

The conditions of the retail merchandising business are very uneconomical. There are two or three times as many people, in my judgment, engaged in the retail business as should be. They are making their living, and the public is paying two or three times as many people to serve it as are necessary.

Afterwards I went to Mr. Robertson and questioned him on that point, and he said that his investigation of the shoe business had convinced him that he would have been more nearly correct if when referring to the retailing of shoes he had said there were five times as many people making a living out of the retail shoe business as were necessary to give the public service.

Senator McNARY. Who made that statement?

Mr. WELLIVER. T. M. Robertson, who prepared this report on Leather and Shoe Industries for the Federal Trade Commission.

Senator McNARY. In what capacity is he employed by the commission? He does not appear under the schedule of personnel.

Mr. WELLIVER. I do not know his precise capacity with them.

Senator McNARY. Is he still connected with the Federal Trade Commission?

Mr. WELLIVER. Yes, sir.

Senator McNARY. Oh, yes. I find that acknowledgment is made here of his service:

In the direction of the investigation and the preparation of the report, especial acknowledgment is made by the commission to Mr. T. M. Robertson.

Mr. WELLIVER. Yes, sir.

Senator KENTON. Do you know anything about his life and history?

Mr. WELLIVER. I happen to know a little about him. He is a gentleman who worked for the Government for \$5,000 a year in face of the fact that he has been repeatedly offered two or three times that much by outside interests. He works for the Government because he likes to work for the Government. He is one of those "overpaid and underworked Government employees" who is in the habit of taking his work home with him at night and on Sundays, and his eight-hour day, like that of the farmer, usually represents eight hours before lunch and eight hours after. He is one of the most earnest, hard-working, and sincere public servants I have known, and is losing money because he would sooner work for the public than for somebody else.

The shoe business peculiarly lends itself to intimate, detailed, and accurate study, for the reason that the shoe business has always tended to confine itself to its own particular channels. The man who makes shoes usually makes shoes exclusively. The people who wholesale shoes very largely wholesale shoes exclusively. The people who retail shoes usually retail them, and very little else. So it is possible to segregate the details of the shoe business with much more accuracy than of a business involving many articles. Mr. Robertson said it would be much easier to determine the reasonable selling price of a shoe, which is a very complicated article, than of a hairpin. While the hairpin is a simple article, the process of selling it involves it with the selling of so many other things that a proper distribution of costs is well nigh impossible; in the case of a shoe it is very simple.

If the committee is willing, Senator McNary, I would like to say a word or two about the methods that were adopted in Europe for the purpose of controlling this same business?

Senator McNARY. We will be glad to have you do so.

Mr. WELLIVER. Early in the war it was discovered in England that it would be impossible to supply the public's requirements unless the Government took more and more control of many staples. As for wool, for example, and leather the measures were quite striking. The British Government practically became the controller of the world's wool supply. Only a short time ago it was stated in the House of Commons that the Government had on hand \$1,250,000,000 worth of wool which it was about to dispose of in such manner as it could without demoralizing the trade.

As to leather very similar methods were adopted. The Government went out and bought leather and allocated it to manufacturers, at the price the Government fixed, in order to prevent profiteering. But it was discovered that the profiteers were still able, in the processes up through manufacture and distribution, to add too much. So gradually the Government extended its control until finally a process of control was applied to the shoe business which I can roughly describe thus: They followed the making of the shoe through all its processes, and made a schedule of them. Then they fixed allowances for labor, for material, for overhead, superintendence, and for every process; and the sum of them made the price

which the finished shoe must cost the manufacture. He was allowed to pay so much for everything done. Then they fixed the prices at which the shoe should be turned over to the wholesaler, and at which he should turn it over to the retailer. And finally the shoe went on the shelves of the retailer with a Government price tag attached to it. By that procedure they got the price of shoes somewhat within control in Great Britain during the war.

In London during the war it was the common observation that American-made shoes—and London is full of American-made shoe shops—were sold cheaper than in the United States. I did not get any comparative prices there, and can not personally state whether that was so or not, but I know that it was the common observation of Americans there that certain standard types of American-made shoes were much cheaper in London than in the United States. At any rate, that was true very largely of American products.

The British control of shoes worked very effectively. Even while it was only applied to certain types, called war shoes, it was applied with the purpose of effecting control over other types of shoes; of making the standardized Government shoe compete with others, and keeping prices down. And it did have that effect. They also restricted very greatly the styles of shoes; just as our War Industries Board was doing. The War Industries Board had, for example, an agreement with leather manufacturers that they would manufacture no colored leather except tans, grays, and blacks, and that women's shoes should not be made over 10 inches high. These factors had a very marked effect in stopping the increase in prices, and even reduced prices in 1918. But as soon as the restrictions were removed prices, went up faster than ever.

The same provisions that applied to the manufacture of shoes and their distribution in England were also applied there in the latter years of the war to the manufacture of men's clothing. The British Government had become practically the wool merchant of the country. Wool was allocated to manufacturers of tops, yarns, and fabrics in proportion to their requirements, at prices fixed by the Government, and the Government fixed allowances for all the processes of manufacture and distribution; the suit of war clothes, as they were called, went to the retailer's shop with the Government price tag attached. They did not attempt to compel everybody to buy war shoes or war clothes, but they had enough of them made so that their competition with other goods kept prices virtually under control.

Senator KENYON. Which amounted virtually to price fixing?

Mr. WELLIVER. Not only virtually but actually. But it was price-fixing on a scientific basis. Labor and capital were liberally treated. It was necessary to do so. The appearance of profiteering frequently is rather deceptive. It is true that capital earned a greater return in war in most industries than in normal times; it was necessary because of the continuous expansion and inflation.

In going over with Mr. Robertson the question of reasonableness or unreasonableness of present prices. I said: Mr. Robertson, if at all stages of the producing a shoe the return on capital was not permitted to exceed three times the rate of interest on Liberty bonds; and if executive and managerial brains were employed at the rate at which the Government of the United States employs

them in its business, how much could we reduce the price of shoes to the consumer? After studying the matter Mr. Robertson decided that it could be reduced about 40 per cent.

Senator KENYON. And by reducing the price 40 per cent they could still retain a large profit?

Mr. WELLIVER. That would leave a margin out of which labor could be paid somewhat more than now, while capital, as I have said, would be given a return around three times the rate Liberty bonds pay.

Senator KENYON. In other words, the American people are paying at least 40 per cent more for their shoes than, under a reasonable plan of considering the people's interest, should be charged?

Mr. WELLIVER. That is the conclusion I developed from my study of this data. I submitted it to Mr. Robertson, and he indorsed it.

I think if you gentlemen would have made by the legislative reference section of the Library of Congress, which is a very competent organization, a compilation of what they have got there concerning regulation of production and prices in Germany and England it would be very useful.

I think if you will consider what these countries sought to do and did during the war, with a view to somewhat applying those processes in time of peace, you will find something worth while. The country needs it; the country is demanding it; and sooner or later it has got to be done. The British Labor Party to-day stands chiefly for the demand that the things that the world found good during the war shall be continued in time of peace. While in this country we have not a crystallized demand of that kind, yet I think that is at the bottom of the social unrest in this country. I think that Mr. Baruch would give you some extremely valuable testimony on the program of the War Industries Board. And I think a study of the control of shoes, under English regulations, which the legislative reference section can prepare for you, will be very valuable. I think that is all I have to say.

Senator KENYON. Did you go into the clothing question at all?

Mr. WELLIVER. I have never studied it. Mr. Robertson could tell you about a hundred times more about this matter than I can.

Senator McNARY. Mr. Welliver, the subcommittee thanks you for the information which you have given us.

I now want to place in the record a letter from Mr. Victor Murdock, chairman of the Federal Trade Commission.

(The letter referred to, with the accompanying statement, is here copied in full in the record, as follows:)

FEDERAL TRADE COMMISSION,  
Washington, April 6, 1920.

MY DEAR SENATOR: I have your letter of March 30 in regard to the data on hides, leather, and shoes prepared for you by the commission. In compliance with your request this information has been summarized and is embodied in the inclosed outline of the hide, leather, and shoe situation.

I believe this will cover the salient points in the data originally supplied you as well as the additional information you requested, in so far as the latter is available.

I hope that this information will be of value to your committee.

Very truly, yours,

VICTOR MURDOCK, *Chairman.*

Hon. CHARLES L. McNARY,  
*United States Senate.*

## OUTLINE OF HIDE, LEATHER, AND SHOE SITUATION.

## HIDES AND SKINS.

Increase in prices of packer hides in February, 1920 over February, 1913, vary from 100 per cent to 147 per cent, with largest increases shown for light native cows. Increases in February, 1920, over February, 1919, vary from 28 per cent to 67 per cent, with light native cows and native bulls showing largest increases. Prices of light native cows increased from 16½ cents per pound in February, 1913, to 24½ cents in 1919 and to 41 cents in 1920. (Compiled from quotations in Hide and Leather, Chicago.)

Prices of packer hides have increased more than have prices of country hides. In 1913 the difference in price between packer heavy cows and country heavy cows was about 2 cents; at present this differential is about 10 cents. (Hide and Leather, Chicago.)

In general prices of hides have increased more than have prices of cattle. From 1913 to July, 1919, prices of hides (heavy native steers) increased 161 per cent, from 18.4 cents per pound to 48 cents, while in the same period prices of "good to choice" steers (on the hoof) increased 99 per cent, from 8.5 cents per pound to 16.9 cents. (Compiled from quotations in Monthly Labor Review of Department of Labor, September, 1919, p. 106.)

Over 90 per cent of the goat and kid skins used in the United States are imported. British India is the principal source of these imports. In 1914 imports of goatskins amounted to 75,855,063 pounds. In 1916 this item had increased to 104,226,005 pounds, but in 1918 the number had fallen to 62,363,549. In 1919, however, goatskin imports surpassed those of any prior year, totaling 133,656,814 pounds. (Monthly summary, Bureau of Foreign and Domestic Commerce.) Apparently this recovery in goatskin importations was insufficient to restore stocks depleted during the war, for prices of goatskins increased almost 100 per cent during 1919. East India Arritsars which sold for 58 cents per skin in 1919 and were quoted at \$1.12 in 1917, were selling at about \$1.33 in January, 1919, and by February, 1920, had increased to about \$2.56. (Shoe and Leather Reporter and War Industries Board Price Bulletin No. 26.)

## LEATHER.

The following table shows the average weights of packer hides and skins, together with the average yield per hide and the average amount of leather produced per hide:

Packer.	Average weight.	Yield.	Leather produced.	Tannage.
<b>SOLE LEATHER.</b>				
<b>Spready steers:</b>	<i>Pounds.</i>	<i>Per cent.</i>	<i>Pounds.</i>	
Heavy.....	72	74	53	Union.
Light.....	58	74	43	Do.
Heavy native steers.....	69	74	51	Do.
Heavy Texas steers.....	65	85	55	Oak.
Heavy native cows.....	60	74	44	Union.
Light native cows.....	51	74	38	Do.
Native bulls.....	80	74	59	Do.
<b>UPPER LEATHER.</b>				
Bufs, 45-60 pounds.....	52	85	<i>Feet.</i> 44	Men's work shoe, vegetable tan.
Extremes and bufes.....	45	87	39	Men's weight, chrome retan.
Do.....	45	80	36	Men's weight, chrome elk.
Kip skins.....	15-25	100	15-25	Chrome.
Calfskins, New York trim.....	7-17		9-16	Do.

Compiled from data submitted to the commission by the tanning industry.

Owing to methods of cutting and manufacture, it is not possible from data at hand to estimate the amount of sole leather in an average shoe, or the number of soles produced from a side of leather.

Reports filed with the commission by shoe manufacturers estimate the number of feet of upper leather required in making shoes of medium height as follows: Men's, 3.5 feet; women's, 3 feet; misses', 2 feet; children's, 1.5 feet; child's, 1.3 feet; and infants', 1 foot.

In general, leather prices increased steadily from the outbreak of the European war to 1917, when the United States entered the war. During the period of American participation in the war there were no wide price movements, either up or down, but in 1919 came a rise in prices greater and more rapid than any which occurred in any equal period of the European war. This upward movement reached its highest plane, in most cases, in the early fall of 1919, since which time there have been no notable price movements in either direction, although recessions are indicated in the past two months which, according to some opinion in the trade, forecast a gradual general decline in leather prices.

From 1913 to 1917 prices of cattle side upper leather increased 65 per cent, from an average of 26 cents a square foot to 43 cents. In the same period sole leather prices increased 85 per cent, from 34 cents to 63 cents per pound; calf-skin leather increased 116 per cent, from 25 cents to 54 cents per square foot; and glazed-kid (goat skin) leather increased 206 per cent, from 13.4 cents to 41 cents per square foot. (War Industries Board Price Bulletin, No. 26.)

From January, 1919, to September, 1919, prices rose more rapidly than at any period during the war. Sole leather (No. 1 oak backs) increased 23 per cent, from 82½ cents a pound to \$1.01½; top colors of side upper leather increased 131 per cent, from 49 cents per square foot to \$1.13; top colors of calf leather, 108 per cent, from 72 cents to \$1.50; and top blacks of glazed kid about 100 per cent, from 70 cents to \$1.39. Since September glazed kid prices have continued to rise, and March, 1920, quotations are \$1.50. Other leathers have decreased in price, however: oak sold from \$1.01½ to \$0.97½; side upper from \$1.13 to \$0.90, and calf from \$1.50 to \$1.33. (Hide and Leather, Chicago.)

It is interesting to note that the increases in leather prices from January to September, 1919, generally coincide with or follow the course of leather exports which increased enormously from the beginning to the middle of 1919. But from the fall of 1919 to the close of the year, exports fell off very nearly as much as they had increased in the earlier part of the year. It would seem that leather prices followed the course of exports upward, but did not come down when exports fell off. Sole leather exports increased from 3,701,048 pounds in January, 1919, to 27,956,442 pounds in June, decreasing thereafter to 3,369,285 pounds in January, 1920. Exports of calf and kip leather increased from 3,306,405 square feet in January, 1919, to 7,822,867 in April, decreasing to 1,628,231 in January, 1920. Exports of goat and kid leather increased from 4,424,976 square feet in January, 1919, to 16,954,904 in June, decreasing to 8,002,049 in January, 1920. (Monthly summary, Bureau of Foreign and Domestic Commerce.)

#### SHOE MANUFACTURERS.

No information regarding shoe manufacturers' costs in 1918, 1919, and 1920 is available from original sources. Table 28 of the commission's report on leather and shoe industries compares details of cost for 1914 and 1917. This table shows that in 1914 for selected shoes (men's) ranging in total cost from \$0.95 to \$3.65, costs of leather ranged from \$0.59 to \$1.98 or about 58 per cent of total cost, and cost of labor ranged from 18 cents to 93 cents, or about 22 per cent of total cost. On the same shoes in 1917, total cost ranged from \$1.27 to \$6.70 of which cost of leather ranged from 86 cents to \$4.48, or about 67 per cent of total cost, while cost of labor ranged from 20 cents to \$1.08, or about 15.7 per cent of total cost.

On women's shoes ranging in total cost from \$1.20 to \$3.23 in 1914, cost of leather ranged from \$0.57 to \$1.70, or about 51 per cent of total cost, while cost of labor ranged from 30 cents to 93 cents, or about 23 per cent as an average. In 1917 total costs on the same shoes ranged from \$2.02 to \$6.52, while leather costs ranged from \$1.16 to \$4.21 or about 63 per cent of total cost, and labor costs ranged from 40 cents to \$1.17 or about 19 per cent of total cost.

An indication of manufacturing costs in 1919 and 1920 is contained in a statement of the Federal food administrator of New York published in the New York Times, February 7, 1920. This shows that a shoe retailing for \$9 in the fall of 1919 and \$10.50 in the spring of 1920 costs \$4.36 to manufacture



in the first period and \$5.48 in the second. Of this total factory cost, leather costs were \$2.33 and \$3.37 in the two periods, while labor costs were \$0.90 and \$1.04, respectively. The manufacturer's margin of profit was \$0.89 in the fall of 1919 and \$1.02 for the spring of 1920, while the retailer's margins were \$3.75 and \$4. The report of the Massachusetts commission on necessities of life, submitted in February, 1920, places the blame for high prices on speculation in leather and excessive profits of manufacturers. The report shows that from 1913 to 1919 the cost of manufacturing an average pair of medium-priced shoes increased 185 per cent from \$2.53 to \$7.26. Of this total the cost of upper leather was \$0.73 in 1913 and \$3.52 in 1919, an increase of 382 per cent. In the same period cost of leather for insole and heel increased 91 per cent and labor cost increased 85 per cent. The manufacturers' gross profit on cost of manufacturing increased from 9.82 per cent to 11.2 per cent.

#### SHOE RETAILERS.

Data collected by the commission shows increases in cost of men's shoes to retailers from 1914 to the spring of 1918 ranged from 48.8 per cent to 71.4 per cent, while increases in retail selling prices ranged from 52.3 per cent to 72.9 per cent. In the same period women's shoes increased in cost 64.1 per cent to 75.7 per cent and the selling price 50.7 to 75 per cent.

The report of the Massachusetts Commission on Necessaries of Life, mentioned above, shows that from 1913 to 1919 cost of men's shoes increased 161 per cent, while selling prices increased 154 per cent and that cost of women's shoes increased 154 per cent with an increase of 142 per cent in selling price, indicating in both instances that retailers' cost prices have increased by larger percentages than have retail selling prices.

In January, 1920, the average gross margins of profit on sales by retailers in St. Louis was from 28 per cent to 33.75 per cent, with the larger margin realized on the higher-priced shoes. Shoes costing retailers \$7.95 were selling at \$12; those costing \$1.43 sold for \$2. (Statement of St. Louis Fair Price Commission: Shoe and Leather Facts, February, 1920.)

#### COMPARATIVE INCREASES IN HIDES, LEATHER, AND SHOES.

A graph printed in the Boot and Shoe Recorder for January 24, 1920, shows that from 1913 to 1919 calfskins have increased in price 500 per cent, goatskins 300 per cent, calf leather 350 per cent, glazed kid 750 per cent, and shoes (men's and women's) 175 per cent.

Senator McNARY. I am just in receipt of a telegram from Swift & Co., Chicago, and will read it [reading]:

CHICAGO, April 9, 1920.

HON. CHARLES L. McNARY,

*United States Senate, Washington, D. C.:*

We do not buy hides. We buy cattle of which hides are a by-product. The only hides we sell are those taken from the cattle killed in our own abattoirs. To tanners such hides are known as packer hides.

The following figures are taken from the Yearbook of the Chicago Daily Drivers' Journal, as follows:

"Yearly average price of packer hides: 1913, \$16.92; 1914, \$18.25; 1915, \$21.17; 1916, \$23.54; 1917, \$28.84; 1918, \$24.71; 1919, \$42.21.

"Yearly average price of country hides: 1913, \$14.51; 1914, \$15.98; 1915, \$18.24; 1916, \$20.04; 1917, \$23.12; 1918, \$18.13; 1919, \$35.53."

In answer to your question, namely, whether raw hides are cheaper now than at any time since America's entrance into the war: During the early part of our participation in the war hide prices were lower than they are to-day. Before the end of the war, however, they were higher than they are to-day.

Answering your question whether domestic hides are plentiful: We do not consider domestic hides plentiful as we have only one-half as many hides unsold as we had one year ago at this time.

COMMERCIAL RESEARCH DEPARTMENT OF SWIFT & CO.

Senator McNARY. The hearing will now stand adjourned to the call of the chairman of the subcommittee.

(Whereupon, at 12 o'clock noon, the subcommittee adjourned subject to call of the chairman.)

## INCREASED PRICE OF SHOES.

THURSDAY, APRIL 15, 1920.

UNITED STATES SENATE,  
SUBCOMMITTEE ON MANUFACTURES,  
*Washington, D. C.*

The subcommittee met in the committee room, Capitol, at 2 o'clock p. m., Senator Charles L. McNary, presiding.

Present: Senators McNary (chairman), Kenyon, and Gronna.

Senator McNARY. The committee will come to order. The Federal Trade Commission on the 21st of August, 1919, issued a report on the leather and shoe industries, on the first page of which appears the following acknowledgment:

AUGUST 21, 1919.

In the direction of the investigation and the preparation of the report, especial acknowledgment is made by the commission to Mr. T. M. Robertson.

Mr. Robertson is before the committee to-day. You may state, if you please, Mr. Robertson, the capacity in which you appear here.

### STATEMENT OF MR. T. M. ROBERTSON, SPECIAL EXAMINER, FEDERAL TRADE COMMISSION.

Mr. ROBERTSON. I am a special examiner of the Federal Trade Commission, and at the time that particular investigation was made I was Assistant Chief Economist, and in that capacity I had general direction and supervision of the investigation. Since that report was written I have had nothing to do with the economic investigations of the commission; my work is entirely in other directions.

Senator McNARY. You are still connected with the Federal Trade Commission?

Mr. ROBERTSON. I am still with the commission as a member of the Board of Review.

Senator McNARY. Have you pursued your investigation of the cost of leather and shoes, and the cost of manufacturing the leather into shoes?

Mr. ROBERTSON. Subsequent to this report?

Senator McNARY. Yes.

Mr. ROBERTSON. No. The commission is now making an investigation, bringing this report down to date.

Senator McNARY. On the 6th of April, 1920, I received from the chairman of the Federal Trade Commission, Mr. Victor Murdock, a report, an outline, of the hide, leather, and shoe situation. Did you have anything to do with the preparation of this report or the collection of the data contained therein?

Mr. ROBERTSON. No.

Senator McNARY. Now, Mr. Robertson, you are familiar with this very important subject and the purpose of the subcommittee to investigate and ascertain if anything can be done in the way of legislation affecting this matter. You are called here to-day to make such statement as you think might be helpful to the subcommittee. You may proceed in any way you desire.

Senator KENYON. I would like to ask when this supplemental report of the Federal Trade Commission will be ready?

Mr. ROBERTSON. I do not know, sir.

Senator KENYON. Are they making this investigation now?

Mr. ROBERTSON. Yes, sir; I understand that the work is now being done; the data are being collected now.

Senator KENYON. There is not much use of double investigations, is there?

Mr. ROBERTSON. Well, I would not think so.

Senator KENYON. We seem to have more investigations about things than we have action.

Mr. ROBERTSON. It is true, Senator, and it is not only true that we have more investigations than we have action, but unfortunately we have not yet turned toward what are, in my judgment, the real causes of the high level of prices in this country. And I doubt whether it will be done; I doubt whether there is enough courage.

Senator KENYON. What are those causes?

Mr. ROBERTSON. The causes are the associated activities of the producers and distributors of the necessities of life; trade associations, whose chief business appears to be, from those that have been investigated, to establish a high level of prices and maintain that level.

Senator McNARY. The commission has just recently issued a bulletin or report along that line, has it not?

Mr. ROBERTSON. I think not.

Senator McNARY. I thought I saw in this morning's paper an article referring to the report of the commission on the high cost of living to the effect that the cause was the high cost of distribution of the products from the producer to the consumer.

Mr. ROBERTSON. Yes. As I understand that—I have just read the press notices; I have not had time to read the report—that referred to the long chain of distribution and the expenses attached to distribution, but said nothing about the understandings and arrangements that distributors have by which prices or margins shall be kept wide.

Senator McNARY. Very well. Now, you may address yourself to this subject, if you will, Mr. Robertson.

Mr. ROBERTSON. This investigation was not as complete, so far as the production of leather is concerned, as it should have been, and as I intended that it should be. At the beginning of the war the War Industries Board undertook to fix the price of hides and the price of leather, and asked the commission to do a great deal of special work in the way of securing costs of producing leather, which diverted the force that was at my disposal from the plan that had been outlined for the leather investigation. I did keep enough of them together, however, to make the investigation of the shoe industry very complete.

The report shows that between 1914 and 1918, or you might say from 1914 to 1917, the profits of shoe manufacturers and leather manufacturers were about double what they were in the years 1914 and 1915, and that they were not inordinately low even in 1914 and 1915. The profits of the distributors of shoes were very much greater in the later years than they were in the earlier years. The percentage of profit that they made upon their shoes above cost did not change very much. That report is filled with statistics showing the prices that shoe merchants paid for their shoes and the prices at which they sold them and the percentage of profit that they made on the cost of the shoes. That remains about the same, and was in round numbers 50 per cent.

Senator KENYON. The percentage of profit was no greater?

Mr. ROBERTSON. Their percentage of profit on the cost of the goods they sold was no greater, but their actual profits in dollars and cents and the percentage of profit on their investment was very much greater than they were before. The report shows that their expenses of doing business did not increase relatively, that it took about the same percentage of their sales to pay their operating expenses in 1918 as it did in 1914. Their sales increased, however, at a much more rapid rate because of the higher prices. Consequently, their profits on their investment were very much greater in 1917 and 1918 than they were in the years prior to that time.

It may be interesting to you to know that the often-heard statement when a complaint is made about high prices that it is because labor has increased, that wages have increased, is contradicted in this report. Wages did not increase nearly to the same extent or in the same proportion that leather and other materials entering into the shoes increased. Labor is the comparatively small proportion of the cost of producing a pair of shoes.

Senator KENYON. What proportion is labor?

Mr. ROBERTSON. It ranges, I think, from about 15 to 17 and sometimes as high as 20 per cent. It is shown in those tables there. I think I have a marked copy of the report here.

Senator McNARY. I have it here in a report from Mr. Murdock. I will epitomize it. In 1914 about 22 per cent of the cost of shoes was labor, and in 1917 it was 15.17 per cent of the total cost. Those are about your figures, Mr. Robertson?

Mr. ROBERTSON. About the same. Perhaps labor gets a little larger proportion now than it did in 1917—it does, according to that statement.

Senator McNARY. No; in 1914, as I stated, the labor cost was 22 per cent of the total cost; in 1917 the labor cost was 15.17 per cent.

Mr. ROBERTSON. Oh, I see. If you will turn to page 72 of the report, Senator Kenyon, you will see some figures there as to the relative costs of leather and other material and labor and overhead. There is a little table there that shows, first, the total cost in 1914 and 1917, and then the next column is leather, which constituted 62 per cent in 1914, in round numbers, and 68 per cent in 1917. The other material was about 10 per cent in each year. The labor was over 18 per cent in 1914 and a little more than 15 per cent in 1917. The overhead was a smaller item still, from 8.5 to 6.5. Those were shoes that were selected at random, just picked up here and there.

Senator GRONNA. What year was this?

Mr. ROBERTSON. Those were the years 1914 and 1917; a comparison of those two years. It indicates that the cost of labor did not increase as much as the cost of the material that went into shoes, both leather and other materials. The leather cost, of course, is the biggest element of cost in shoes, and leather advanced more rapidly than anything else that entered into shoes.

Senator KENYON. On the first page of the report you say:

Though there was an increase in the cost of hides to the tanner, the prices of his product—leather—advanced to a point that could not be justified by the cost of producing it. This conclusion is supported by the high rates of return on investment received by tanners.

Does your report set out anywhere this return?

Mr. ROBERTSON. Yes, sir.

Senator KENYON. What page is that?

Mr. ROBERTSON. On page 28 there is a little table.

Senator KENYON. Yes; 50 tanning companies. What were those tanning companies?

Mr. ROBERTSON. They were representative companies, some large, some small, and some of medium capacity:

Senator KENYON. Who were the large ones?

Mr. ROBERTSON. I can not tell you which is the largest one in there. The largest sole-leather company in the country is not in there. It is not in there because its balance sheets and accounts were in such a mixed condition that we could not, without what we thought would be an undue amount of work, ascertain just what their profits were on leather; because they operate railroads, they operate extract plants, lumber mills, and various other enterprises, and all were included in the same account.

That table shows that these 50 companies in 1914 had a net return on their investment of practically 13 per cent; in 1915, 16.5 per cent; in 1916 it was nearly 34 per cent; in 1917 nearly 26 per cent. Between 1914 and 1916 it more than doubled, and there was a slight decline in 1917.

Senator McNARY. Was this hides or leather?

Mr. ROBERTSON. This was leather.

A similar table, on page 104, for shoe manufacturers, shows that their return on investment increased from 15 per cent in 1914 and 1915 to 26 per cent in 1916, and 25 per cent in 1917.

Senator KENYON. Where did you get those figures?

Mr. ROBERTSON. We got those figures from the books of the companies. They were computed by the accountants in our office.

Senator McNARY. You have given the shoes and leather. When did hides attain their peak price?

Mr. ROBERTSON. The peak price of hides, during the period of this investigation, was probably about the end of 1917 or first of 1918. It was just before the War Industries Board undertook to fix the price of hides. Since the armistice was signed and since the War Industries Board has taken its hand off prices hides have advanced very rapidly. I have not noticed for a week or two what they are, but they have been very much higher than they ever were before.

Senator McNARY. Is it not true they are very much lower now than they were in the middle of last summer?

Mr. ROBERTSON. I could not answer that question.

Senator McNARY. I can, if I may rely on Armour & Co.—

Senator KENYON. Are they in the hide business?

Mr. ROBERTSON. They produce a very large quantity of hides, and I think they also buy some.

Senator McNARY. On the 9th of April, 1920, I received a letter from Armour & Co., in response to a telegram I sent them, covering this particular point. They say:

The price of hides reached its peak in August, 1919, at which time native hides sold as high as 60 cents a pound and branded hides at 50 cents. The average price of packer native hides to-day is from 35 to 37 cents, while packer branded hides are selling at an average of 30 cents a pound.

So, you see, the decline in prices from August last year until this time is from 15 to 20 cents a pound. Corroborative of that statement I have a private telegram from Swift & Co., dated Chicago, April 9, 1920, in which they say:

In answer to your question whether raw hides are cheaper now than at any time since American entrance into the war, during early part of our participation in the war hide prices were lower than they are to-day. Before the end of the war, however, they were higher than they are to-day.

While they do not give any figures, they concede that between this time and the time of our entrance into the war the prices of hides have been higher, and Armour specifically gives the date and the amount of the spread between last year and this year.

Mr. ROBERTSON. Those prices can be very easily obtained from Hide and Leather, which publishes every week the Chicago hide market.

Senator KENYON. Hides are going down while shoes are going up?

Mr. ROBERTSON. Yes.

Senator KENYON. On page 2 of this report you say:

Between 1914 and 1917 there was a remarkable advance in the price of hides. From 1914 to 1917 the price of heavy native packer cowhides advanced more than 68 per cent, while the corresponding grade of country hides increased less than 42 per cent.

Now, why was that? Why did the packer hides advance 68 per cent and the country hides 42 per cent?

Mr. ROBERTSON. One probable reason for that was that about the time we entered the war—before we entered the war, in fact—European Governments were looking to this country for a great deal of leather, and that leather was required to be made according to certain specifications which called for the better grade of hides. When we entered the war the War Department and the Navy Department demanded very large quantities of shoes and specified the kind of leather which should be put in those shoes, and substantially specified the kind of hides when they did that because only the best hides can be used in making the very best leather. So the demand for the better grade of hides, which were the packer hides, was far in excess of the demand for the country hides and put the packer hides at a premium.

Senator KENYON. Do the five large packers practically control the domestic hides?

Mr. ROBERTSON. They do of the better grades. Those grades are used in making the heavy leathers and the best grades of the lighter

leathers. They kill about 65 per cent of all the cattle that are slaughtered by interstate slaughterers—more than that, about 65 per cent of all the cattle that are slaughtered in abattoirs in this country. That gives them, combined, 65 per cent of the hides, or a little more, because they handle a little heavier grade of cattle than the small packers do, and consequently they handle the greater proportion of the hides than they do of the number of cattle.

They also have large interests in the hides that are usually imported into this country. They have large packing interests in South America, and our great supply of cattle hides from abroad comes from South America.

Senator KENYON. You say:

Taking into consideration all the circumstances, the high prices of shoes in 1917 and 1918 can not be justified. Leather manufacturers, shoe manufacturers, and retail shoe merchants all made unprecedented profits.

Mr. ROBERTSON. Yes.

Senator KENYON. Your report substantiates that, does it?

Mr. ROBERTSON. It does, absolutely.

Senator KENYON. What do you mean by "unprecedented profits"?

Mr. ROBERTSON. Profits larger than they ever made before, so far as we could discover.

Senator McNARY. Did the Federal Trade Commission call this report to the attention of the Department of Justice or make any effort to connect the department up with the profiteers in shoes?

Mr. ROBERTSON. No; so far as I know it did not. The Department of Justice had knowledge of this report and had access—I think it had; I won't be positive—to some of the information we had. The heaviest burden that the public bears as to shoes is imposed upon it by the retail shoe dealer. The tanner made more money than he had ever made before; and under the circumstances—and when I say that I mean the circumstances of war, in the critical situation which the world was in—I think he made more profit than he should have taken. The shoe manufacturers did the same thing; but the retailer, as in the case of retail merchants of every class, imposed the heavier part of the burden that the public bears so far as prices are concerned.

Senator KENYON. What is your idea of getting at that? That is undoubtedly true. I see you propose some remedies here. We would like to get at some remedies. There is no doubt about the profiteering; everybody knows it; but how to reach it is the question.

Mr. ROBERTSON. Yes; perhaps so, according to the ordinarily accepted definition of profiteering. I confess I do not know what a proper definition of profiteering is. A retail merchant who charges exorbitant prices for his goods is not, necessarily, a profiteer in the sense that he gets a large return on his investment. He does a small business, and his overhead expense, including a salary for himself, just about takes the difference between what he pays for his goods and what he sells them for. He has a very small return on his investment; he is working for wages.

I know of no remedy, Senator, that can be applied except by the public itself, and it is discouraging to think how little the public seems to care.

Senator KENYON. What do you mean? Do you mean getting along with old shoes and old clothes, and refusing to buy?

Mr. ROBERTSON. That to some extent, and refusing to patronize merchants that seem to be charging more than we think they should. My observation has been that the more merchants enter business the higher prices are liable to be. That seems to contradict our theory of competition; but they all have to live. They all seem to recognize that fact, and very few of them charge any lower prices than they can charge, taking into account the prices at which their competitors sell. If the people of a city could turn all their patronage to the few low-priced, the so-called cut-price stores, they would soon either drive the high-priced fellows out of business or force them to lower their prices.

But I know of no way by which we can say to a man that he shall not engage in business; or, if he is already in business, that he shall get out. The truth is that the public is paying from three to five times as many distributors to serve it as it should and as it needs.

Senator McNARY. You think there is nothing that might be suggested in the way of legislation, or the execution of laws that are now on the statute books?

Mr. ROBERTSON. There might be something done by the execution of laws that we now have.

Senator KENYON. Well, if you were Attorney General now and wanted to stop this thing and were solely interested in it from the public's standpoint, how would you go about it? What laws would you employ?

Mr. ROBERTSON. I know of but one law that I could use, and I do not know that that would be effective in most cases, and that is the Lever Act.

Senator KENYON. Yes; the Lever Act is still in force.

Mr. ROBERTSON. I know it is, but I am doubtful whether it would be very effective or not.

Senator KENYON. Well, you say there are laws in existence that could be used?

Mr. ROBERTSON. That can be used in some instances.

Senator KENYON. You mean the Lever law?

Mr. ROBERTSON. Yes; but I do not believe that that, even if it were enforced to the limit—that is, so far as we could find evidence upon which to base prosecutions—I doubt whether that would relieve the situation very much, Senator.

Senator KENYON. Then do you alter your statement that there are laws that will remedy the situation? I understood you to say that.

Mr. ROBERTSON. I did not intend to say that there are laws that would remedy the situation. There are laws that might in some instances remedy the particular instances. I think that a law that would very rigidly control trade associations would have a great effect in lowering prices generally.

Senator KENYON. What trade associations are there in the shoe business? Are there a lot of them? Take it right here in Washington.

Mr. ROBERTSON. I do not know of any association of shoe merchants here, but we have a Retail Merchants' Association here.

Senator KENYON. Do you think they are affecting prices?

Mr. ROBERTSON. I think there is no doubt about it.

Senator KENYON. The Retail Merchants' Association?



Mr. ROBERTSON. The Retail Merchants' Association. However, I am only judging that from the activities of the associations we have investigated.

Senator KENYON. I would like to know, if you were Attorney General of the United States, what you could do in this situation.

Mr. ROBERTSON. I do not know.

Senator KENYON. Well, what can you suggest that Congress can do, besides investigating?

Mr. ROBERTSON. I would suggest legislation regulating and prescribing the activities of trade associations.

Senator KENYON. Well, suppose these trade associations are confined entirely to a State; how is Congress going to regulate them?

Mr. ROBERTSON. The wholesale associations are not confined to particular States.

Senator KENYON. Well, you would have to limit it to associations engaged in interstate commerce, would you not? And then we bump right up against the Supreme Court decision in the child-labor case, that Congress can not go into the States and do these things.

Mr. ROBERTSON. It has always been my view that so far as the execution of the Federal Trade Commission act in regard to unfair competition is concerned, we have jurisdiction over corporations or individuals engaged in intrastate commerce if they use methods that directly affect interstate commerce.

Senator KENYON. Well, there is not any unfair competition, is there, if they all get together and agree to the same price?

Mr. ROBERTSON. They inject an element of unfair competition among competitors. In the investigations of the lumber associations made by the old Bureau of Corporations it was found that they were not fixing prices absolutely, but fixing margins, which amounted to substantially the same thing. Those cases went to court, as you know, and injunctions were issued against the retailers as well as the wholesalers.

Senator KENYON. And lumber went up higher to the consumer?

Mr. ROBERTSON. Probably it did.

Senator KENYON. So that did not get us anywhere?

Mr. ROBERTSON. It probably did not affect prices materially. They found other ways to do the same sort of thing.

Senator KENYON. That is what I am trying to get at. What can you do? We hear a lot about sending the profiteers to jail, and I wish we could send them to jail.

Mr. ROBERTSON. I wish so too.

Senator KENYON. But is that available for anything except the campaign cry of somebody who is running for President or something of that kind?

Mr. ROBERTSON. I think not.

Senator GRONNA. Do you believe it is the practice among retail associations, Mr. Robertson, to discuss and agree upon their prices or profits?

Mr. ROBERTSON. I doubt whether they discuss prices as such. This is what they do do, or did do among those that we investigated: The retailers would say to a wholesaler, "If you sell to this man who cuts prices, we will not buy from you." Occasionally there is a merchant who will sell at a price lower than the ordinary price, and at once an attempt is made to cut off his supply.

Senator KENYON. That would be in violation of the Sherman Antitrust Act if it got into interstate commerce?

Mr. ROBERTSON. Yes. But in the Eastern States Retail Lumber Dealers' Association it was held that the retailers violated the Sherman Act because it interfered with interstate commerce.

Senator KENYON. Well, if you indict those men, instead of issuing injunctions, might it not accomplish something?

Mr. ROBERTSON. It would be better than an injunction; an indictment is a much better remedy than an injunction.

Senator KENYON. Have you known of any of these profiteers being indicted under the Sherman Act?

Mr. ROBERTSON. I do not recall any.

Senator KENYON. Or any other act?

Mr. ROBERTSON. I think perhaps the present Attorney General had some indictments against some profiteers in clothing, and maybe in shoes; I am not sure.

Senator KENYON. And what happened to the cases?

Mr. ROBERTSON. He got a conviction, I think, in one case in Providence, R. I.; but I do not know of anything that happened to the public.

Senator GRONNA. I was anxious to know whether it has been established, from the examinations you have made, that retail associations meet for the purpose of fixing prices, or in fact fix prices or fix profits. I am asking that question for the reason that I assume we would all agree if that were true it would be conspiracy in restraint of trade; and, as Senator Kenyon suggested, it would be a violation of the Sherman antitrust law. Are you familiar with the cases out in Illinois and in Pennsylvania and Ohio against the milk dealers?

Mr. ROBERTSON. I am not familiar with those cases.

Senator KENYON. Were there indictments in those cases?

Senator GRONNA. Yes; a great many indictments.

Mr. ROBERTSON. I know this. I know that the retail lumber dealers were indicted in two cases—the Eastern State Retail Lumber Dealers' Association and the Northwestern Lumber Dealers' Association, or their members. I know that in every instance where a thorough investigation has been made of trade associations by any agency of the Government—I say a thorough investigation—there have been found violations of the law, and I do not recall a single instance in which they have been convicted.

Senator KENYON. Did any of them ever go to jail?

Mr. ROBERTSON. No, sir.

Senator GRONNA. The indictment of the retail lumbermen of the country was based upon the fact, was it not, that a list price was agreed upon?

Mr. ROBERTSON. That was a part of it.

Senator GRONNA. A list price was not only agreed upon, but was adhered to, and it was understood, of course, that no dealer had the right to sell below the list price, which, of course, was an agreement upon a fixed price.

Mr. ROBERTSON. That was one thing. Another thing was that he agreed not to sell in the territory of another dealer, and he agreed not to buy from a mill or wholesaler who sold to a mail-order house or to a consumer. There were several elements in that conspiracy.

Senator McNARY. Did you not in your investigation find that retailers were making a profit sometimes of from 50 to 100 per cent?

Mr. ROBERTSON. Well, we did not undertake to ascertain the profit that the retailer made on his investment, but we found that they usually made about 50 per cent above—that they sold their shoes for about 50 per cent more than they paid for them. It was testified by some retail shoe dealers in Washington before Senator Ball's committee that they added 66 $\frac{2}{3}$  per cent to their cost price, and some of those made 30 and some more than 30 per cent on their investment.

Senator McNARY. On page 27 of this report you give the profits or earnings on investment in the tanning industry. Take the year 1916; here is one company, No. 13—they are given by number rather than by name—and the rate of return on the investment was 67.89 per cent.

Mr. ROBERTSON. Yes.

Senator McNARY. The next one was No. 14, 72.46 per cent. No. 21 was 77.80 per cent. Would you call that an unconscionable profit on the investment?

Mr. ROBERTSON. I would.

Senator McNARY. Would you think a case like that should be called to the attention of the Attorney General?

Mr. ROBERTSON. It probably should.

Senator KENYON. Let us get right down to brass tacks there. Suppose that is true; what law does that violate?

Mr. ROBERTSON. I do not know.

Senator McNARY. There is a provision in the amendment to the Lever bill, passed at the last session of Congress, prescribing a penalty and declaring it a crime for anyone to exact unreasonable profits.

Senator KENYON. Is that law?

Senator McNARY. Oh, yes.

Senator KENYON. I did not know that had been agreed to by the House.

Senator GRONNA. Yes; it was passed by both the Senate and the House and approved by the President.

Senator KENYON. Do you not think that would come under that law, then?

Mr. ROBERTSON. I would think that probably would. I do not know where I should draw the line between reasonable and unreasonable profit, but I certainly would draw it below 150 per cent, and probably below 66 $\frac{2}{3}$  per cent.

Senator McNARY. What I was getting at—not in a spirit of criticism—was this: Your report is replete with instances that I would think was profiteering, and where unreasonable profits were exacted I want to know whether you have called the matter to the attention of the Attorney General.

Mr. ROBERTSON. So far as I know, it was not done. The commission may have done it, but if it has I do not know it.

Senator KENYON. Do you not suppose that in this warfare against the profiteers the Attorney General is familiar with your report?

Mr. ROBERTSON. I do not know. I believe it is in his hands or in the hands of his assistants.

Senator McNARY. Have you followed up the tanners and their profits and their business since 1919?

Mr. ROBERTSON. No; we have not.

Senator McNARY. You speak of the Central Leather Co. as the largest in this country?

Mr. ROBERTSON. That is the largest sole-leather tannery in this country. It makes about one-third of all the sole leather that is made in the United States.

Senator McNARY. I am in receipt of a letter from a resident of New York calling my attention to the profits of the Central Leather Co. Their profits for 1919 showed an increase of 190 per cent over their earnings for 1918, as shown by the Central Leather Co.'s report issued Saturday. That shows a tremendous profit on the investment and the output.

Mr. ROBERTSON. Does it give the rate of profit on the investment, or just the figures?

Senator McNARY. I have not read the article.

Senator GRONNA. You speak of the rate. Does your commission figure the rate upon the capital, or do you use the same methods of figuring that were used by the packers, including borrowed money as a part of the capital?

Mr. ROBERTSON. No; we took what we considered net investment as the total assets of the company, less its current obligations, like bills payable and accounts payable.

Senator McNARY. I am going to insert this article in the record at this point, concerning these enormous profits.

(The article referred to, taken from The Sun and New York Herald of February 23, 1920, is here printed in full, as follows:)

**CENTRAL LEATHER GAINS 190 PER CENT—ANNUAL REPORT DISCLOSES NET EARNINGS INCREASED HUGELY LAST YEAR; AGGREGATE IS \$14,283,481—PRESIDENT SAYS OPINION IS BIG DEMAND FOR FOOTWEAR WILL CONTINUE.**

An increase of almost 190 per cent in net earnings for 1919, compared with those of 1918, was shown by the Central Leather Co. in its pamphlet report issued Saturday. Earnings, after all expenses, charges, and Federal taxes, etc., totaled \$14,283,481, equivalent to \$30.11 a share on its common stock after payment of its preferred dividends. In 1918 those earnings totaled \$6,476,434, or \$10.44 a share on the company's common stock.

Total earnings of all its properties, after deducting expenses incident to operations, including those for repair and maintenance, provisions for plant abandonments and stumpages, Federal income and excess-profits taxes, etc., were \$22,104,590, against \$12,922,437 in 1918. Expenses and losses charged off aggregated \$6,355,753, against \$5,000,270. Other income received during 1918 totaled \$377,851, making a total income for 1919 \$16,126,688, against \$8,314,641 in 1918. Interest charges remained unchanged at \$1,838,207, leaving net income for 1919, \$14,288,481. Preferred dividends of \$2,330,930 and common dividends of \$3,873,081 were paid in 1919, making the balance transferred to profit and loss surplus for that year \$8,384,470, against \$1,366,441 in 1918.

Total income by quarters was the largest in the second three months of the year, the report shows. In the first quarter the total income was \$2,572,470; in the second, \$4,698,897; in the third, \$4,471,746, and in the last, \$4,382,574. The current assets shown on the company's balance sheet at the close of the year were \$88,704,743 more than current liabilities and \$59,726,093 more than all liabilities, excluding capital stock.

#### READJUST PROPERTY ACCOUNT.

"The end-of-the-year period," said W. S. Hoyt, president of the company, in his remarks to stockholders, "and the strong situation of the company have afforded the opportunity to readjust the property account of the company to reflect to a conservative extent a portion of the enhancement in the prewar

values of its timber lands and forest products, and to eliminate from the property account the entire amount of all intangible values. As stated by the directors in the annual report, this readjustment has long been in contemplation. The modern tendency in business conditions, and particularly with respect to Federal and State taxation, has increased and emphasized the desirability of this action. The readjustment has been made without impairment of the previously existing surplus.

"The slaughter of domestic cattle started to fall off after the armistice. A serious strike broke out at the ports of Buenos Aires and Montevideo in late January. Embargoes were in force on raw materials from the British colonies. Shipping was scarce from Central America and the open ports of South America. The result of these conditions was that in the early spring the situation for hide supplies became acute. At about the same time the demand for boots and shoes commenced in large volume and remained so throughout the year.

"The scarcity of raw materials and the demand for shoes was reflected in a steadily increasing demand for leather at advancing prices which rapidly absorbed the accumulated stocks. During this period the domestic and foreign hide markets continued to advance rapidly until the peak was reached in early August, the leather market following in part. Later a lull occurred in the purchase of leather by shoe manufacturers and a downward trend from extreme prices began to show itself in the hide market.

#### EXPORT BUSINESS CURTAILED.

"The export business of your company has been curtailed in 1919—in the early part of the year by embargoes, lack of shipping facilities, and the unsettled conditions in Europe—and in the last few months by the continual depreciation of exchange in all countries where we have had a market for our product in more normal times.

"Since the beginning of the new year the resumption of the demand for leather, which appeared in December, 1919, has continued, and the opinion prevails that the demand for boots and shoes is large and will continue for several months to come, which, if true, should create a good demand for sole and upper leather.

"We are confronted in the future as regards our export business with the difficulties previously mentioned, and can not forecast the outcome under conditions now prevailing. Many indications point to the fact that if satisfactory arrangements for financing purchases by foreign countries can be consummated, there will be a large demand abroad for leather and raw materials, and tanning materials as well.

"Our business for the coming year will depend on the general prosperity in this country, concentrated effort on the part of labor to increase efficiency and production, adjustment of international credit, and most thoughtful and constructive legislation for conservation of credit of the railroads and public utilities."

Senator GRONNA. In investigating the cost of manufacture of leather, did you begin with the cost of the hide and what the producer of the hide got for it?

Mr. ROBERTSON. No. We only began with the price that the tanner paid for it. It may have been sold four or five times between there and back to the producer of the hide. That would be particularly true of country hides. Country hides pass through two, three, four and sometimes more hands before they reach the tanner.

Senator GRONNA. Not only that, but the cattle that are sold on the hoof to the packers, whether they are the large packers or the small packers—you take the change which took place about a year ago. There was a decrease in the price of cattle on the hoof of about 40 per cent. Now, that ought to be taken into consideration, ought it not?

Mr. ROBERTSON. It never has been, Senator. There has never been a constant or consistent relation between the prices of cattle and the prices of hides.

Senator GRONNA. Why should there not be?

Mr. ROBERTSON. There sometimes may be a great demand for meat and not so much demand for hides, and the price of cattle would be proportionately higher than the price of hides. At another time there may be a great demand for hides and not such a great demand for meat, and the price of hides would go up.

Senator GRONNA. But if you sell an animal and the hide on that animal weighs, say, 100 pounds, and the price is 18 cents, that would be \$18 for the hide on the animal. If the price were reduced to 8 cents it would be only \$8.

Mr. ROBERTSON. That is true.

Senator GRONNA. Why ought not that to be taken into consideration?

Mr. ROBERTSON. Because when you pay 18 cents for it you will get perhaps 18 cents or perhaps only 13 cents for it when you go to sell it. That hide is sold independently of the meat or anything else. The two things are sold in different markets for different uses, and one does not and can not economically control the other.

Senator GRONNA. Suppose I were a packer and bought the animal. Suppose I paid a low price for it. All I would have to do would be to set up an intermediate corporation dealing in hides, and I might sell the product, the hide, to this intermediate corporation at a low price, and let that corporation make the profit.

Mr. ROBERTSON. You might do that. That has been done in other things; I do not know that it has been done in hides.

Senator GRONNA. Is not that the practice now?

Mr. ROBERTSON. I do not understand that to be the practice of the packers. Their hides are turned over to the hide department and charged in at the market price. They are sold, and if the hide department shows a profit that profit goes back and is credited to the beef. That is the custom of all the packers and has been, I know, for 15 years, because I have been rather intimately connected with some of the investigations that have been made of their business. They do not sell their hides to separate corporations to be handled and resold to tanners and others, as a rule. They have some separate corporations that buy country hides—some of their rendering companies buy country hides and sell them, but their own hides that they take off the cattle themselves are sold by themselves, as a rule.

Senator GRONNA. Of course, they are sold by themselves. The question is how they are sold. Are they sold to another company for the purpose of making that profit?

Mr. ROBERTSON. Oh, no.

Senator GRONNA. Or are they sold to the tanner?

Mr. ROBERTSON. They are sold to the tanner.

Senator McNARY. What percentage of leather do the packers control?

Mr. ROBERTSON. I think that Armour & Co. have, or did have when this investigation was made, about 7 per cent of the sole leather. We do not know what percentage of other leathers are controlled by the packers. We do know this, that Swift & Co. are very large producers of upper leathers. The other packers are not such large producers of any kind of leather, although they all produce some.

Senator McNARY. What percentage do the packers produce of the finished product, leather, whether it is sole or upper?

Mr. ROBERTSON. That we do not know.

Senator KENYON. The packers can not be making money out of it, according to the statement in the paper this morning that Swift was losing money this last year.

Mr. ROBERTSON. On everything?

Senator KENYON. I do not know on just what.

Mr. ROBERTSON. I saw the statement somewhere that they made the claim they were not making any money on fresh beef, but I have never seen any statement coming from them that they have not made some somewhere else.

Senator KENYON. They seem to have some left for advertising.

Mr. ROBERTSON. It would appear so.

Senator KENYON. To get back to the subject, you spoke of relief from the intolerable prices, and you suggest some remedies. That is what interests me. You suggest, first, a rigid enforcement of the laws against monopolistic control of commodities. What do you mean by that? What laws did you have in mind?

Mr. ROBERTSON. To be perfectly frank with you, Senator, I did not write that paragraph. The second was a suggestion of mine.

Senator KENYON. That is, legislation forbidding producers of hides engaging in the tanning business?

Mr. ROBERTSON. Yes.

Senator KENYON. That would not apply to anybody but the packers, would it?

Mr. ROBERTSON. No; it would not. My idea is this, Senator—I may be mistaken—that where a concern is engaged in a business and from that business there comes a by-product that is the principal raw material in another great industry it should not be permitted, if this business is so large as to have a dominating influence over this raw material that comes into the second industry, for this concern to go into that industry. I would not think it would be safe to let our raw materials of any kind be dominated by one man or one small group of men, whether it was hides by the packers, iron ore by the steel-producing companies, or coal or gas or water power or any other natural resource or any other raw material for one of our basic industries.

Senator KENYON. The raw material for shoes is practically dominated, is it not, by a few men?

Mr. ROBERTSON. The raw material for the leather is practically dominated by a few men.

Senator KENYON. That is, the packers?

Mr. ROBERTSON. The packers.

Senator McNARY. That is, as to sole and upper leather, but that does not include the kid and calf?

Mr. ROBERTSON. It does as far as the raw material is concerned.

Senator McNARY. The kid and calf skin?

Mr. ROBERTSON. Not kid; no.

Senator McNARY. These skins are imported, particularly from British India, are they not?

Mr. ROBERTSON. We have no kid skins produced in this country.

Senator McNARY. The packers have nothing to do with that?

Mr. ROBERTSON. They have nothing to do with that; no.

Senator McNARY. It is the domestic hides you are speaking about?

Mr. ROBERTSON. Yes; and to a considerable extent the imported hides. South America is the principal source for foreign hides for this country. Of course in former times, before the war, we received hides from Russia, India, and various parts of the world, but the bulk of them came from South America, and the large packers in this country are the large packers in South America, and they control a very large proportion of the South American hides that are available for import here.

Senator GRONNA. And they are separate corporations?

Mr. ROBERTSON. They are separate corporations, but they are not separate interests.

Senator GRONNA. No; that is true.

Senator McNARY. As I understand you, there is no relation between the cost of beef and the cost of hides?

Mr. ROBERTSON. There is no relation between the prices of cattle and the prices of hides. I have given some study to statistical statements, and had some prepared in that respect, to ascertain the fact whether or not there was a price relation between cattle and hides, and there is not and never has been.

Senator McNARY. Is that due to the fact that the packers monopolize the hide industry to a large extent?

Mr. ROBERTSON. No; I think not. I think even if there were any monopoly element in the situation at all, it is due to the fact that the demand for beef is not always parallel with the demand for hides and leather. One may be up and the other down.

Senator McNARY. I have a letter here from a gentleman who writes to me from Spokane, Wash., under date of April 3, 1920. I will read this excerpt:

Coming west through Montana the other day I saw quite a number of dead cows lying by the track. I asked my seatmate, who had got on at some Montana station, why these animals had been allowed to die and left with their hides on when leather was so high. He said leather was only high in one place, when the consumer came to buy it; that hides are low in price, so low that it did not pay to monkey with the dead cow for her hide.

That suggests the inquiry if you know whether hides are plentiful now. Are they a drug on the market, or are they in great demand?

Mr. ROBERTSON. I saw some statistics the other day that were collected and disseminated by the Bureau of Markets in the Department of Agriculture, making some comparisons as to stock of hides for a year, and my recollection is that the stocks now are lower than they were some time back. They fluctuate. Sometimes the stocks are very high. Just before the war closed stocks were pretty high, especially of the better grades of leather. I do not think they are so high now. Those figures are readily available.

Senator McNARY. Is there any reason for the differential being so great between the packer hide and the country hide?

Mr. ROBERTSON. No.

Senator McNARY. The differential at this time is about 10 cents a pound, according to the report I received a few days ago from the Federal Trade Commission, dated April 6, 1920.

Mr. ROBERTSON. There is no reason for the differential being so great. The proper way to look at the differential between country



hides and packer hides is not as so many cents per pound but from a percentage point of view. If a packer hide is 10 per cent better and will produce 10 per cent more leather or 10 per cent better leather than the country hide, then it is worth 10 per cent more. If the price of the country hide is 10 cents a pound, that would make the price of the packer hide 11 cents, a margin of 1 cent. If the price of the country hide is 25 cents then the price of the packer hide would be 27½ cents, a differential of 2½ cents. But so far as actual value is concerned, for the few years past the intrinsic or real value of a country hide has been more relatively than the market has afforded.

Senator McNARY. The price set by the packer for his hide sets the price for the country hide, does it not?

Mr. ROBERTSON. It is a factor taken into consideration.

Senator McNARY. Is it not practically the dominating factor?

Mr. ROBERTSON. I would suppose so, although I do not speak from any knowledge. I would think that would be a reasonable and natural conclusion.

Senator KENYON. Your third suggestion here is the adoption of a device in the distribution of shoes that will acquaint the customer with the selling prices of the manufacturer. That is one of the remedies suggested. What do you mean by that? Do you mean stamping on the shoes the selling price of the manufacturer?

Mr. ROBERTSON. Let the manufacturer stamp on his shoes the price he sells them at.

Senator KENYON. He does not sell it direct to the retailer, does he?

Mr. ROBERTSON. Perhaps more than half of the shoes manufactured are sold direct.

Senator KENYON. You would have that on the shoes so the purchaser could see it?

Mr. ROBERTSON. He would know who got the money.

Senator KENYON. You think that would be helpful?

Mr. ROBERTSON. I think it would. I think the average person would hesitate to pay \$15 for a pair of shoes when he saw that the manufacturer only received \$6.

Senator KENYON. What is he going to do if he has got to have the shoes?

Mr. ROBERTSON. Well, if you will quit buying for a while you will get them.

Senator KENYON. Is there anything in these fancy shoes—women's high heels, 4 or 5 inches high, and things of that kind—that affect this situation? If we should come down to a common-sense shoe, a standard shoe, would it help out any?

Mr. ROBERTSON. I think it would help a great deal. Shoes of that class—what the merchants call "seasonal" shoes, where the styles change every season—are pretty risky. If the merchant does not sell his stock of shoes this spring he will have to sell his remnants at a very low price, often very much below what he paid for them.

Senator KENYON. Because the style changes?

Mr. ROBERTSON. Because the style changes and they will not sell.

Senator GRONNA. But that loss would fall on the retailer and not on the manufacturer, because the manufacturer does not make up any more than he sells.

Mr. ROBERTSON. I understand, but the public pays for it. On the shoes he does sell he feels he is obliged to charge a much larger profit,

in order that he may insure himself against loss on those that he does not sell at the usual price.

Senator KENYON. That is, the ordinary shoe must bring a higher return than it would otherwise, in order to make up for the danger of loss on these fashionable, seasonal shoes?

Mr. ROBERTSON. Yes; that is true. Not only that, but the fancy shoe at the beginning of a season sells for more than it would sell for if it were not for the risk of a change in the style and a loss on the remnants.

A retail merchant in this town exhibited some shoes before Senator Ball's committee, and made this statement to me—I am not sure that he made it before the committee. He had a black shoe, a lady's shoe, that seemed to be of excellent quality, and he said it was as good a shoe as could be made. He had another shoe that was fancy, cut very high, and had a rickety heel. He said a lady would come into his store, and that one actually did, and maybe more, wanting to see a good shoe. He showed her the black shoe, the low-cut shoe—not an Oxford, but conservatively low—and she seemed pleased with it. She asked the price, and he told her it was \$7. She looked a little solemn and concluded she would like to have a little better shoe than that. So he showed her the other shoe, which was a few inches higher and had a heel an inch or two higher and did not contain as good material, and she smiled and asked the price of that, and he told her \$14, and she said she would take it. And there are some men who are about as silly as any of the women are with respect to those matters—and other matters, too.

Senator GRONNA. You think then, Mr. Robertson, that the manufacturers of shoes are not guilty of profiteering? That it is all the fault of the retailer?

Mr. ROBERTSON. Well, the manufacturers have made very large profits. They did in 1916 and 1917. I do not know what they are making now, but they made very large profits. From 20 to 25 per cent net on your investment is a pretty large profit.

Senator McNARY. I have here a letter, which is typical of a thousand or more that I have received, but not of this concern. This is from the editor of a very prominent paper in New York City, dated April 8:

In connection with your investigation into the profiteering of shoe manufacturers, permit me to invite your attention to the firm of Hanan & Son of this city.

I purchased a pair of shoes from this firm in December, 1919, paying \$26.40 for them. These shoes were not made to order, but were the regular stock carried by that concern. Owing to poor workmanship they became useless, and in February I called upon them, showed them the shoes, with the suggestion that they half sole and heel them. I explained that I felt that a pair of shoes costing \$26.40 and worn only occasionally should certainly last more than two months. The manager offered to repair them for \$5.90, with an additional charge of 50 cents for putting on a finger pull at the rear of the upper of the shoe.

It seems to me that this is a concrete illustration of profiteering and I trust that your body will investigate the action of this house.

Senator KENYON. Mr. Robertson, during the war did not the War Industries Board cut down the number of styles and cut down the height of ladies' shoes?

Mr. ROBERTSON. They did. They had an understanding with the shoe manufacturers that, first, they would not manufacture any colored shoes except tans and grays, that there would be no shoes made except black, white, tan, and gray; second, that these ultra-high cut shoes would not be made. I do not recall whether there was anything said about heels or not. I was in one of those conferences myself when that arrangement was being perfected.

Senator KENYON. Did that have any effect upon the demand for shoes?

Mr. ROBERTSON. I never observed any; I never heard of any.

Senator KENYON. On the part of the women?

Mr. ROBERTSON. No. There was also, about the time of the signing of the armistice, if I am not mistaken, some sort of understanding as to the prices at which shoes should be sold and I think the maximum price talked about and probably determined upon was \$12.

Senator McNARY. That is true. I should have said, Senator Kenyon, that we will have that record in a short time. Mr. Baruch, who was chairman of the committee at the time, is collecting it for me. Reference was made to it at the last hearing, I believe.

Senator KENYON. I would like to ask you also if you know about the price of shoes in Great Britain. How does it compare with our price here?

Mr. ROBERTSON. I know very little about that and do not feel competent to talk about it. I saw some figures during the war or just after the signing of the armistice which indicated that shoes in Great Britain were much cheaper than here, but, of course, I do not know what the difference in quality might be, and I do not know whether the real difference was as much as it appeared to be or not. I think perhaps Mr. Welliver would have some information on that.

Senator McNARY. He talked to us very interestingly along that line some days ago.

Let me ask for your judgment on this matter. Assuming the War Industries Board had been successful in placing the \$12 maximum on shoes in the winter of 1918, were those shoes of the same quality that are now being manufactured, or did the fixing of the \$12 maximum anticipate an inferior shoe?

Mr. ROBERTSON. I do not think there was any such anticipation.

Senator McNARY. Then if the maximum of \$12 could have been placed on the best pair of shoes in 1918, do you think that the same pair could be sold at the same figure at this time, taking into consideration the cost of hides, labor, trimmings, tanning, and leather?

Mr. ROBERTSON. I do not know what the shoe manufacturer is paying for leather now, but judging from the prices that he was paying for leather in 1918 I see no reason why shoes should be as high as they are, and I see no reason why they should have been as high as they were then.

Senator McNARY. Have you completed your statement, Mr. Robertson, or have you anything else to state to the committee, either bearing upon a state of facts or in the way of suggestions of a constructive character as to what this committee or Congress might do?

Mr. ROBERTSON. Constructive suggestions are very difficult to make—those that are practicable, and there is no use suggesting something that is not practicable. I do not know how we can prevent a man from selling his goods at the prices people are willing to pay, or that they will pay. If he has a monopoly of a thing we can get at the monopoly. We do that on the theory that he can control the price and make people pay what he says. But where there is not a monopoly I see no way to do it.

My idea has long been that this is a matter chiefly in the hands of the public, and the public, unfortunately, is not organized and it looks like it can not be organized. Every fellow acts for himself and is not willing for anybody else even to suggest that he act in harmony with his neighbors. It is a bad situation, but it seem to be the fact.

Senator KENYON. I would like to ask you this. Do you think the manufacturers are making these extreme styles of women's shoes because the women demand them, or do the women simply demand them because the manufacturers are making them?

Mr. ROBERTSON. I have heard a great deal said about who makes styles, and I am inclined to think that the manufacturer is the most important factor in the creation of styles.

Senator KENYON. If somebody would invent a style of shoe that would have bottoms, and then perhaps a little tip, and straps over the foot so as to get rid of all this leather, do you not think it would be a good thing? We do not inclose our hands in a lot of hot leather. Where did this custom originate?

Mr. ROBERTSON. I do not know. I would be willing to leave the straps off, only just enough to hold the bottoms on my feet.

Senator KENYON. They surely could be made cheaper.

Mr. ROBERTSON. They could. A cloth shoe can be made cheaper than a shoe of leather, but they do not sell much cheaper, if any.

Senator GRONNA. And an Oxford brings pretty nearly the same price at a high-top shoe?

Mr. ROBERTSON. Within 50 cents or a dollar.

Senator GRONNA. That is always customary.

Mr. ROBERTSON. It always has been.

Senator GRONNA. Not only now but during the war.

Mr. ROBERTSON. I have been wearing the same style of shoe for a good many years. The Oxfords cost \$5.50 and the high shoes cost \$6.50 until since the war, and I have not bought any since then. I have been having my old ones half-soled and wearing them.

Senator GRONNA. You made one statement—I do not know whether you want to qualify it or not. You said it depended on the quality. I would have to disagree with you on that; I should say it depends on the quality and style.

Mr. ROBERTSON. What depends on the quality?

Senator GRONNA. You were speaking of shoes in general. Now, you take the shoe manufacturers of England before the war. You would find plenty of American shoes in English stores; they bought them because the styles were superior to the English styles.

Mr. ROBERTSON. What I said, or what I think I said, was that I had no way of judging relatively the quality of the English shoe and our shoe.

Senator GRONNA. No; I did not compare the two shoes, but you were speaking of the price of shoes depending upon the quality. I do not think it follows.

Mr. ROBERTSON. Oh, no; it does not follow as to wearing quality. That is not the only factor that is taken into account.

Senator McNARY. Is there anything further, Mr. Robertson?

Mr. ROBERTSON. I think not, unless there is something special that you desire me to say something about.

Senator McNARY. At this juncture I desire to place in the record a letter I have received from Armour & Co.

(The letter referred to is here printed in full, as follows:)

ARMOUR & Co.,  
Chicago, Ill., April 9, 1920.

Senator C. L. McNARY,  
United States Senate,  
Washington, D. C.

DEAR SIR: In response to your telegram of the 8th we take pleasure in giving you the information requested.

We attach the issue of December 30, 1919, of the Chicago Daily Hide and Tallow Bulletin, which gives the average monthly prices of Chicago packer and country hides by months for the year 1919 and by years since the year 1904, which we believe to be entirely authentic. You will notice that the price of hides reached its peak in August, 1919, at which time native hides sold as high as 60 cents a pound and branded hides at 50 cents. The average price of packer native hides to-day is 35 to 37 cents, while packer-branded hides are selling at an average of 30 cents a pound.

We wish to call your attention, however, to the fact that the highest-priced hides in the history of this country, which were put into the tanneries during the last six months of 1919, are now coming out in the form of finished leather. The shoe manufacturers therefore are to-day consuming the highest-priced hides in our history. While it is true that hides to-day are cheaper than the average for the last six months of 1919, hides to-day are fully 7 cents a pound higher than they were during January, February, and March of 1919.

With reference to the supply of hides, would state that there is a shortage of both domestic and foreign hides. Packer-branded hides are practically all sold up to April 1 and there are but few native hides in the hands of the packers unsold. We are informed that the country hide supply is also almost sold up, but we do not handle country hides. Any information we have on this subject is gathered entirely from trade papers.

Answering your inquiry as to whether raw hides are cheaper now than any time since America's entrance into the war, our average selling price of all grades of packer hides to-day is 31.36 cents per pound, while the average selling price for the year 1917 of all grades of packer hides, as figured from the Chicago Daily Hide and Tallow Bulletin, was 28.72 cents; for the year 1918, 24.52 cents; for the year 1919, 35.26 cents.

In case it has not been called to your attention, would suggest that there is some interesting information on the subject of hide prices contained in the Farmers' Bulletin No. 1055, issued by the United States Department of Agriculture, especially exhibits on pages 55, 59, 61, 62, and 63.

Yours, very truly,

ARMOUR & Co.,  
ARTHUR MEEKER,  
Vice President.

[Chicago Daily Hide and Tallow Bulletin, Dec. 30, 1919.]

Average monthly prices of Chicago packer and country hides for year 1919 with yearly averages.

## PACKER HIDES.

	Spread native steers.	Heavy native steers.	Heavy Texas steers.	Light Texas steers.	Extreme Texas steers.	Butt-branded steers.	Colorado steers.	Branded cows.	Heavy native cows.	Light native cows.	Native bulls.	Branded bulls.
	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.
1919—												
January.....	29.00	28.00	26.00	25.00	22.00	26.00	25.00	21.00	26.00	22.00	19.50	17.50
February.....	29.31	28.25	26.10	25.12	23.25	25.40	25.00	23.12	26.25	23.88	20.12	18.62
March.....	29.30	27.55	25.90	20.70	22.30	25.70	20.70	22.60	25.50	23.50	19.50	17.80
April.....	36.00	30.94	29.50	28.38	26.88	28.50	27.50	26.50	28.19	27.81	21.88	19.88
May.....	39.70	36.60	35.80	35.80	33.70	35.60	34.60	32.50	30.90	36.70	27.00	25.50
June.....	43.12	40.80	40.12	39.88	39.38	40.12	39.12	39.75	39.88	42.75	32.50	30.50
July.....	50.90	50.10	47.12	49.75	49.00	46.87	46.87	41.25	48.62	51.20	37.25	35.38
August.....	54.30	52.70	48.00	48.00	50.00	48.00	48.00	50.00	52.90	60.80	43.00	41.00
September.....	48.50	46.38	41.12	41.12	41.25	41.12	39.62	41.00	47.62	50.87	36.62	34.00
October.....	50.62	48.25	39.88	39.75	39.75	40.88	38.75	39.75	39.62	49.12	40.00	34.88
November.....	49.30	47.20	38.60	38.50	38.50	39.30	37.70	38.30	46.80	45.15	39.90	33.70
December.....	42.63	40.38	41.75	33.63	33.37	33.75	33.63	33.25	40.37	38.87	35.50	29.37
Average for—												
1919.....	41.89	39.76	36.66	35.47	34.95	35.94	34.71	34.09	37.72	39.39	31.06	28.18
1918.....	29.88	27.95	25.94	21.65	27.31	26.29	21.12	27.41	22.70	20.76	18.70	17.80
1917.....	32.37	30.99	29.39	27.63	30.35	29.80	27.23	31.69	29.40	25.09	21.99	21.99
1916.....	26.43	24.48	24.55	25.54	24.00	23.53	24.31	24.97	25.11	21.29	18.47	18.47
1915.....	24.03	21.52	21.26	20.86	21.42	20.39	20.97	23.54	22.96	19.23	16.48	16.48
1914.....	19.78	19.26	18.78	18.54	18.63	18.25	18.51	19.00	19.38	15.91	15.03	15.03
1913.....	18.35	18.02	17.75	17.23	17.42	17.27	17.12	17.24	17.26	14.88	14.02	14.02
1912.....	17.72	16.82	16.11	15.73	16.24	15.76	15.75	16.48	16.34	14.05	11.91	11.91
1911.....	14.91	14.41	13.52	12.67	13.56	13.37	12.65	13.90	13.62	12.24	10.60	10.60
1910.....	15.66	15.00	14.00	23.00	13.60	13.44	12.60	13.78	13.07	12.14	11.15	11.15
1909.....	16.05	16.39	15.39	14.39	15.51	15.33	14.16	15.23	14.81	13.19	12.08	12.08
1908.....	13.43	13.89	12.89	11.89	12.30	12.26	10.40	11.42	11.02	10.00	8.69	8.69
1907.....	14.56	14.09	13.09	12.09	12.20	11.82	11.88	13.12	12.72	11.85	9.99	9.99
1906.....	15.43	14.88	14.43	13.43	13.99	13.66	14.11	14.96	14.88	12.20	10.59	10.59
1905.....	14.36	14.45	13.36	12.36	13.26	13.13	12.90	13.18	13.10	10.80	9.78	9.78
1904.....	11.77	12.67	10.77	9.77	10.93	10.84	10.27	10.62	10.47	9.12	8.13	8.13

## COUNTRY HIDES.

	Heavy steers.	Heavy cows.	Bufs.	Ex-tremes.	Bulls.	Branded hides.	Calf-skins.	Kip-skins.	Horse-hides.
	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	
1919—									
January.....	21.75	20.75	18.75	19.75	14.75	16.50	37.00	23.38	\$6.88
February.....	21.94	21.06	19.94	22.38	15.88	17.38	48.13	33.00	8.13
March.....	21.85	20.45	19.60	21.90	15.75	17.00	45.10	30.50	7.88
April.....	24.07	22.63	22.63	25.25	17.50	20.00	51.50	35.00	9.38
May.....	28.10	27.30	27.46	32.90	21.60	25.00	62.30	40.70	12.55
June.....	33.50	31.00	33.88	39.12	26.00	27.75	73.12	49.38	15.25
July.....	42.87	39.75	42.37	50.12	32.12	34.00	62.88	83.44	18.37
August.....	47.10	44.20	45.20	54.90	34.70	38.20	88.50	65.60	17.75
September.....	41.12	38.87	39.25	48.62	33.38	32.38	77.88	61.25	15.94
October.....	37.62	35.50	35.75	46.12	32.75	30.00	80.00	57.00	14.81
November.....	36.10	32.00	32.00	42.10	31.00	27.00	78.00	58.30	12.05
December.....	27.75	26.12	26.00	34.25	25.37	21.62	65.87	50.00	10.81
Average for—									
1919.....	31.98	29.97	30.24	36.45	25.07	25.57	64.19	48.96	12.49
1918.....	23.44	21.12	19.43	19.85	15.87	14.98	36.46	23.63	7.14
1917.....	25.65	23.25	23.09	24.85	20.23	20.18	38.19	33.45	8.35
1916.....	20.99	20.22	20.48	22.63	17.57	18.76	33.98	27.63	7.03
1915.....	19.52	18.96	18.92	19.40	15.92	.....	21.39	20.41	4.85
1914.....	16.87	16.46	16.70	17.48	14.19	.....	21.11	19.13	5.19
1913.....	15.95	14.97	15.02	15.55	13.13	.....	19.43	16.66	4.33
1912.....	14.33	14.12	14.10	14.94	12.01	.....	19.35	16.31	.....
1911.....	12.26	11.86	11.73	12.77	10.46	.....	.....	.....	.....
1910.....	12.15	11.20	11.10	11.40	10.30	.....	16.31	12.11	.....
1909.....	14.08	13.28	13.19	13.33	12.17	.....	17.74	13.78	.....
1908.....	10.54	9.34	9.19	9.70	8.19	.....	14.43	9.91	.....
1907.....	11.77	10.99	10.83	10.06	9.83	.....	15.81	11.41	.....
1906.....	13.76	13.44	13.41	13.44	12.45	.....	15.76	13.73	.....
1905.....	12.42	11.90	11.83	12.04	10.84	.....	14.94	12.50	.....
1904.....	9.91	9.41	9.39	9.59	8.41	.....	13.43	10.81	.....

Senator McNARY. Mr. Robertson, we are very grateful to you for your attendance.

Mr. ROBERTSON. I am very glad to come. I am only sorry that I am not able to make some practical suggestion.

Senator McNARY. I think you have been very helpful to the committee, Mr. Robertson.

Senator KENYON. It is about time something was done to stop this profiteering, is it not? It is doing more, probably, to create unrest than anything else?

Mr. ROBERTSON. I think it is the most irritating factor in all this unrest that is now so prevalent, not only in this country but throughout the world. And there seems to be no end to it. Men who work for wages must have increased wages before they can buy the things they need, and when wages are increased then the things they need are increased, and usually increased out of proportion to the increase in wages.

Senator McNARY. I will see if I can get Mr. Figg, assistant to the Attorney General, to be here Saturday morning at 10.30. If not, it will be a day early next week.

(Thereupon, at 3.30 o'clock p. m., the subcommittee adjourned to meet at 10.30 o'clock a. m., Saturday, April 17, 1920.)







# INCREASED PRICE OF SHOES

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## HEARING

BEFORE A

## SUBCOMMITTEE OF THE COMMITTEE ON MANUFACTURES UNITED STATES SENATE

SIXTY-SIXTH CONGRESS

SECOND SESSION

PURSUANT TO

## S. Res. 317

A RESOLUTION DIRECTING THE COMMITTEE ON MANUFACTURES  
TO ASCERTAIN IN EVERY PRACTICABLE WAY THE CAUSES  
FOR THE INCREASED PRICE OF SHOES IN THE  
UNITED STATES.

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## PART 2

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Printed for the use of the Committee on Manufactures



WASHINGTON  
GOVERNMENT PRINTING OFFICE



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## INCREASED PRICE OF SHOES.

MONDAY, APRIL 19, 1920.

UNITED STATES SENATE,  
SUBCOMMITTEE ON MANUFACTURES,  
*Washington D. C.*

The subcommittee met at 10.30 o'clock a. m., pursuant to adjournment, in the committee room, Capitol, Senator Charles L. McNary presiding.

Present: Senators McNary (acting chairman), Kenyon, Pomerene, and Jones of New Mexico, members of the committee.

Senator McNARY. I have asked Mr. Figg, of the Department of Justice, to come here this morning for the purpose of permitting the subcommittee to inquire of him what action, if any, has been taken by the Department of Justice with respect to the subject matter set forth in S. Res. 317.

Mr. Figg, I will ask you, please, to give to the reporter your full name and connection with the Government.

STATEMENT OF MR. HOWARD E. FIGG, SPECIAL ASSISTANT  
TO THE ATTORNEY GENERAL, WASHINGTON, D. C.

Mr. FIGG. My name is Howard E. Figg, special assistant to the Attorney General, Washington, D. C.

Senator McNARY. In what department or division are you employed?

Mr. FIGG. In the Division of the High Cost of Living, Department of Justice.

Senator McNARY. How many are engaged on that work with you?

Mr. FIGG. Do you mean here in Washington?

Senator McNARY. Yes.

Mr. FIGG. I do not know that I can say offhand, but we have an organization here of probably 15 or 20.

Senator McNARY. You are the head of this division, I assume?

Mr. FIGG. Yes, sir.

Senator McNARY. How many are under your supervision throughout the country?

Mr. FIGG. Probably 200.

Senator McNARY. Are they agents, detectives, or attorneys?

Mr. FIGG. The organization that we have built up is by appointing State chairmen with subcommittees under them—fair-price committees, I will say, in the different States.

Senator McNARY. Does that exist in all of the States?

Mr. FIGG. In practically all of the States.

Senator McNARY. What are the duties of these State organizations?

Mr. FIGG. To investigate and confer with the business interests of their local communities with a view to determining, if possible, through agreement, on fair prices in the different necessities of life.

Senator McNARY. How long has this organization been in existence.

Mr. FIGG. Well, in its present form not over 90 days, but we started to building this organization last September.

Senator McNARY. Was it the outgrowth of the amendment to the Lever bill which prescribed a penalty for anyone charging an unreasonable profit?

Mr. FIGG. Not exactly. We started building this organization after the President, in August, 1919, asked for a penalty to be provided.

Senator McNARY. To what extent have investigations been made by this division of which you are the head and the State organizations in regard to prices and charges?

Mr. FIGG. In some communities the investigation has been rather complete; where we have efficient organizations they have been very complete.

Senator McNARY. Has there been any good accomplished by this organization?

Mr. FIGG. In local communities, as well as in some States, I should say, yes.

Senator McNARY. Have any prosecutions followed their investigations?

Mr. FIGG. About 1,200 of them.

Senator McNARY. How many convictions have there been out of that number?

Mr. FIGG. About 85 per cent of those that have come to trial.

Senator KENYON. How many have come to trial?

Mr. FIGG. I do not know that I could say, offhand; but I should say probably 350.

Senator KENYON. Three hundred and fifty cases have come to trial?

Mr. FIGG. I should say about that number.

Senator KENYON. And of those, 80 per cent have been convicted?

Mr. FIGG. About 85 per cent.

Senator KENYON. Let us get that exactly. You say there have been 1,200 prosecutions. Does that mean indictments?

Mr. FIGG. No, sir.

Senator KENYON. What does that mean?

Mr. FIGG. The number of arrests.

Senator KENYON. There have been 1,200 arrests?

Mr. FIGG. Yes, sir.

Senator POMERENE. And how many convictions?

Mr. FIGG. It is only an estimate on my part, but I would say about 350.

Senator KENYON. Three hundred and fifty have been brought to trial so far?

Mr. FIGG. Yes, sir.

Senator KENYON. And about 85 per cent of those have been convicted?

Mr. FIGG. Yes, sir.

Senator KENYON. Then, about 295 of that number have been convicted?

Mr. FIGG. I should say so.

Senator KENYON. Where have those indictments been?

Mr. FIGG. Over the United States.

Senator KENYON. Have those indictments been returned under the Lever Act?

Mr. FIGG. Yes, sir.

Senator McNARY. And have the prosecutions been conducted by the United States attorneys?

Mr. FIGG. Yes, sir.

Senator KENYON. Under those prosecutions have any of those persons gone to jail?

Mr. FIGG. A good many.

Senator KENYON. How many?

Mr. FIGG. I could not answer off-hand but a few, probably 25 or 30.

Senator KENYON. Can you give us the names of those who went to jail?

Mr. FIGG. Yes, sir; I could if I had the data that is at my office.

Senator KENYON. Can you give it to us later?

Mr. FIGG. I can send it up to you.

Senator KENYON. Have any of those been what you call big profiteers or were they the little profiteers, those who have gone to jail?

Mr. FIGG. Both.

Senator KENDRICK. Who are some of the big profiteers who have gone to jail?

Mr. FIGG. I will have to send that up to the committee, that data.

Senator KENYON. Have any really big profiteers gone to jail, anyone? It seems to me if one of the big profiteers has been sent to jail you would know of it and would know the name.

Mr. FIGG. As to any of those you might call really big profiteers, big manufacturers, I do not know that any have gone to jail.

Senator KENYON. Well, any of the large retailers?

Mr. FIGG. Yes, sir; several.

Senator KENYON. Who was one of them?

Mr. FIGG. There was one in the State of Georgia, but I can not recall the name now.

Senator KENYON. Where?

Mr. FIGG. One in Georgia.

Senator KENYON. Do you know the name of the man in Georgia who was sent to jail for profiteering?

Mr. FIGG. No, sir.

Senator KENYON. Where else?

Mr. FIGG. There have been three in New York State, and I think two in Iowa.

Senator KENYON. Two in Iowa?

Mr. FIGG. Yes, sir.

Senator KENYON. I am surprised to hear that. What were their names?

Mr. FIGG. I can not recall.

Senator KENYON. I did not know that there were any profiteers in Iowa, but if there are I hope they are in jail.

Mr. FIGG. Quite a few.

Senator KENYON. Where else?

Mr. FIGG. In Minnesota.

Senator KENYON. How many are these in Minnesota?

Mr. FIGG. I can not tell you off-hand.

Senator KENYON. You have charge of this matter?

Mr. FIGG. Yes, sir; but there are quite a lot of things outside of keeping track of profiteers that have to be attended to in my division.

Senator KENYON. It is quite an interesting thing to me to know that some profiteers have gone to jail.

Mr. FIGG. I will be very glad to have that information sent to the committee.

Senator KENYON. As far as I am concerned I would like to know who they are.

Mr. FIGG. All right.

Senator McNARY. Please furnish that information.

Mr. FIGG. All right.

Senator McNARY. Were those men indicted for profiteering in any particular line of food products or manufactured goods?

Mr. FIGG. For profiteering in food and clothing.

Senator McNARY. Were any indicted for profiteering in shoes?

Mr. FIGG. Yes, sir; there were two convictions that I recall just at the present in Providence, R. I., on shoes.

Senator McNARY. Were they retailers or manufacturers?

Mr. FIGG. They were retailers.

Senator McNARY. Will you supply the records covering those two prosecutions?

Mr. FIGG. Yes, sir.

Senator McNARY. They were convictions, were they?

Mr. FIGG. Yes, sir.

Senator McNARY. Were there any further indictments against those dealing in shoes and leather?

Mr. FIGG. Yes, sir.

Senator McNARY. And hides, too?

Mr. FIGG. No, sir.

Senator McNARY. They were all retail shoe dealers.

Mr. FIGG. Yes, sir; all shoe dealers, so far.

Senator McNARY. Have any tanners been indicted?

Mr. FIGG. No, sir.

Senator McNARY. Any manufacturers?

Mr. FIGG. No, sir.

Senator McNARY. Any dealers in hides?

Mr. FIGG. No, sir.

Senator McNARY. Just retailers?

Mr. FIGG. Yes, sir.

Senator KENYON. Have any been indicted in Washington, D. C.?

Mr. FIGG. No, sir.

Senator McNARY. Were you supplied with the report of the Federal Trade Commission of August 25, 1919, concerning shoes and leather?

Mr. FIGG. I think I have that report.

Senator McNARY. Did you or the Department of Justice ever study that report?

Mr. FIGG. Yes, sir; I had a study made of it in my organization.

Senator McNARY. Was any effort made to look into the various suggestions made in that report?

Mr. FIGG. Yes, sir.

Senator McNARY. Did you find any instances that would suggest profiteering or the charging of unreasonable profits?

Mr. FIGG. I might say that investigations are now being made in the tanning industry and the manufacture of shoes, but they are not completed to date.

Senator McNARY. Speaking from memory of that report, and more particularly as to shoes, in some instances I think it was stated there were profits on the net investment of 77 per cent or 78 per cent in the case—well, of tanners, I will say.

Mr. FIGG. Yes, sir.

Senator McNARY. Would you consider that really profiteering?

Mr. FIGG. Quite so.

Senator McNARY. You observed that report?

Mr. FIGG. Yes, sir.

Senator McNARY. Are you making now an investigation to verify those figures?

Mr. FIGG. Yes, sir.

Senator McNARY. For the purpose of beginning criminal prosecution?

Mr. FIGG. Yes, sir.

Senator McNARY. How soon do you think those prosecutions will develop?

Mr. FIGG. Very soon I think. We have now auditors on one of the large leather concerns' books and I think the work will be completed in a very few days. If that work develops facts we think it will develop we will unquestionably bring prosecutions.

Senator POMERENE. During the period of the war I heard that there were large stocks of hides held in and about Boston awaiting advances in prices; do you know anything about that?

Mr. FIGG. Yes; we had that report, and we made quite a complete investigation but were unable to find any stored hides.

Senator POMERENE. Let me ask you this question: Has the Government any substantial quantity of shoes in stock and which we purchased during the war, or of hides?

Mr. FIGG. I think they have quite a supply of shoes.

Senator POMERENE. What amount?

Mr. FIGG. I could not tell you. But I think it is a very large stock.

Senator POMERENE. Larger than needed for the Army?

Mr. FIGG. Yes, sir; and they are trying to dispose of them.

Senator POMERENE. Was the same true of hides?

Mr. FIGG. No; not since our division has been in operation.

Senator POMERENE. Could you get for us the particulars as to the stocks of shoes now held by the Government?

Mr. FIGG. Yes, sir.

Senator POMERENE. I wish you would furnish those to the committee.

Mr. FIGG. All right. The War Department has already issued a pamphlet on the shoes held by the Government and is sending this pamphlet out; has done so within the past week, offering those shoes for sale.

Senator KENYON. Offering them for sale?

Mr. FIGG. Yes, sir.



Senator KENYON. Why have they been held so long?

Mr. FIGG. Well, I think they have attempted to sell them but have been unable to find a market.

Senator POMERENE. They have had retail stores, clothing and food stores, I think, practically in all sections of the country, or at least in some sections of the country.

Mr. FIGG. Yes, sir.

Senator POMERENE. Are you able to tell to what extent the excessive prices have been charged for shoes?

Mr. FIGG. No; we are not; that is, not as to all communities. In some communities we find prices excessive and in other communities they are not.

Senator KENYON. In what communities were they not excessive?

Mr. FIGG. Well, in the use of the term "excessive" I mean a price charged that represents an excessive profit, prices that we all think are excessive.

Senator KENYON. Did you see an article published by Mr. McCann, in Reconstruction a short time ago? Or do you know Mr. McCann?

Mr. FIGG. No, sir; and I did not see the article.

Senator KENYON. He is something of an expert. He set forth some increases in prices. He set forth in this article and I would like to ask you if you think it is correct (reading):

The net income of the Brown Shoe Co. in 1915 is given as \$440,322, and in 1919, \$1,508,975.

Have you any figures on that?

Mr. FIGG. No, sir.

Senator KENYON. The American Hide & Leather Co., according to this article, jumped from 44 cents in 1914 to \$15.52 in 1919. Have you any information about that?

Mr. FIGG. We have no direct information, but that is one of the concerns we are investigating now.

Senator KENYON. The other day Senator McNary placed an article in the record from the New York Sun and Herald on the Central Leather Co., from a pamphlet issued by them, showing an increase of 190 per cent in net earnings for 1919. Did you know anything about that?

Mr. FIGG. Yes, sir; we saw that article.

Senator KENYON. Have you made any investigation of that?

Mr. FIGG. The investigation is in progress now.

Senator KENYON. If that is true, do not you think that is a pretty substantial increase in net earnings?

Mr. FIGG. I should say it was.

Senator KENYON. The earnings, according to this article, and I do not speak for the correctness of it and do not know, but this article, which I should think is one that would cause you to make an investigation, shows earnings of over \$13,000,000, or \$30.11 a share on common stock after payment of preferred dividends. In 1918 those earnings totaled \$6,476,434, or \$10.40 a share. It had gone up in one year, three times, earnings on common stock. You have not gone into that particularly, as to that company?

Mr. FIGG. Investigation is being made now.

Senator KENYON. Was it ever called to your attention, the testimony given before the Committee on the District of Columbia, on high cost of living, as to the testimony given by Mr. Rich?

Mr. FIGG. No, sir.

Senator KENYON. That might be very interesting. That testimony showed the net profits of his concern in 1914, according to Mr. Rich, to be \$2,044.63; in 1917 they were \$18,743.75, and in 1918, \$64,743.52.

Mr. FIGG. Net?

Senator KENYON. Yes; net. Do not you think possibly there might be something in that connection that some of your investigators might look into with benefit to the people?

Mr. FIGG. Unquestionably, if there were any such profits they should be investigated.

Senator KENYON. And that was besides comfortable salaries for the members of the firm and a manager.

Now, Mr. Figg, in this report which you say you people have, of the Federal Trade Commission, there are some very interesting statements made. Do you pass by any reports made by the Federal Trade Commission as being unworthy of belief because of the proposed Senate investigation into the activities of the Federal Trade Commission, but which does not seem to function at all; that is, the investigation does not?

Mr. FIGG. There are a lot of very helpful suggestions in all of the Federal Trade Commission's reports.

Senator POMERENE. Senator Kenyon, do you mean that the committee does not function or that the Federal Trade Commission does not function?

Senator KENYON. No; I mean that the investigating committee does not seem to function. We were informed by Senator Watson that there would be a great exposé of the Federal Trade Commission, but that investigating committee does not seem to have made any headway so far, and does not seem to function.

Now, Mr. Figg, in that report made by the Federal Trade Commission nearly a year ago they said that the leather manufacturers and the shoe manufacturers and the retail shoe merchants all made unprecedented profits. And they go ahead and show, for instance, on page 27, different concerns, rates of earnings on investments, and so forth, in the tanning industry. Here is one of them that shows a return on investment of over 68 per cent. Here is another one that shows a return on the investment of over 85 per cent in 1917. Here is one in 1916 that shows a return of 150 per cent. And here is another that shows a return of 69.97 per cent. Are you looking into all these things?

Mr. FIGG. Yes, sir; these things are all being investigated.

Senator KENYON. On page 28 they set forth the rates of earnings of tanning companies grouped according to their investments. And they rather condemn all the way through the increased prices for shoes as being unjustifiable. I am glad to know that you are investigating all these things. How many men do you say you have looking into those matters—around 200?

Mr. FIGG. Do you mean for the States?

Senator KENYON. Yes.

Mr. FIGG. Probably 200.

Senator KENYON. They go into the communities, and organize what you call fair price committees?

Mr. FIGG. Yes, sir.

Senator KENYON. Then do the merchants cooperate with them?

Mr. FIGG. Yes, sir.

Senator KENYON. A lot of these fair price committees as I have been informed are composed very largely of men who are doing the profiteering; what can you tell me about that?

Mr. FIGG. No; I think that is a mistake. We asked that the committees be formed with representation from all of the businesses.

Senator KENYON. Don't they go into a community and put some shoe dealers on the fair price committee?

Mr. FIGG. Yes, sir; there is a representative of the retail shoe dealers on the committee but the predominating membership on the committee is composed of the public at large.

Senator KENYON. Take a town of 25,000 people, and how large a fair price committee would you have?

Mr. FIGG. About 11, I should say.

Senator KENYON. They are picked from the business men of the town?

Mr. FIGG. From the professional and business men and labor and housewives.

Senator KENYON. And they are the fair price committee?

Mr. FIGG. Yes, sir.

Senator KENYON. How do they get down to business?

Mr. FIGG. They go into the overhead and operating expenses and so on and determine what should be a fair margin of profit.

Senator KENYON. And if a merchant charges more than that fair margin of profit as agreed upon what do you do?

Mr. FIGG. That is prima facie evidence for an indictment.

Senator KENYON. And those 200 men are now travelling around the country doing that work?

Mr. FIGG. No; they are the men who are in the local communities. They do not travel around over the country at all.

Senator KENYON. Well, some of them do? I noticed that one of them had been in my town and spoke before the Commercial Club.

Mr. FIGG. Those men report to the Department of Justice direct.

Senator KENYON. Those 200 men then do not represent the Department of Justice?

Mr. FIGG. Those 200 men are volunteers over the country and do not receive a salary under the Department of Justice at all.

Senator KENYON. I did not understand that. How many investigators are there going around the country representing the Department of Justice?

Mr. FIGG. That I can not tell you. That work is not directly under my department but is under the Bureau of Investigation.

Senator KENYON. Have you any idea of how many men there are in that Bureau of Investigation?

Mr. FIGG. No, sir; I could not tell you how many there are. There are two flying squadrons that I think are being sent around over the country and they have probably 25 or 30 men each in them.

Senator KENYON. They organize these fair-price committees, do they?

Mr. FIGG. No, sir.

Senator KENYON. Who does organize those committees?

Mr. FIGG. I do directly.

Senator McNARY. What do the flying squadrons do?

Mr. FIGG. They go into a community and investigate costs mostly where we do not have fair-price committees.

Senator KENYON. And where you have committees you do not need the flying squadron?

Mr. FIGG. No, sir.

Senator KENYON. Those two flying squadrons are composed of 25 or 30 men each and they go all over the country and see what is going on?

Mr. FIGG. Yes, sir.

Senator KENYON. Do they make any reports?

Mr. FIGG. Yes, sir.

Senator KENYON. What have they found in the way of profiteering anywhere?

Mr. FIGG. Considerable.

Senator KENYON. What and where?

Mr. FIGG. Their last stops were up in Syracuse and Albany, N. Y., and they had returned from 25 to 30 indictments.

Senator KENYON. In what lines?

Mr. FIGG. In practically all lines dealing at retail.

Senator KENYON. Have there been any trials of those people who have been indicted?

Mr. FIGG. Two of those people have been brought to trial but the judge could not try them and a new judge had to be appointed. Judge Hann, of that district, was disqualified to sit.

Senator KENYON. Those cases have not yet been tried?

Mr. FIGG. No, sir.

Senator KENYON. Why are these cases not tried?

Mr. FIGG. They are being brought to trial just as rapidly as the dockets of the courts will allow.

Senator McNARY. In communities where you have fair-price organizations do retailers generally cooperate with the committees?

Mr. FIGG. They have done so in almost every instance.

Senator McNARY. And have the prices that have been fixed resulted in lowering the price charged to the consumer?

Mr. FIGG. Very materially.

Senator McNARY. Can you give any specific instances where cities have organized fair-price committees and a reduction in price to the consumer has followed?

Mr. FIGG. Yes, sir. Take the State of Georgia as a whole and Mr. Menget is the fair price commissioner of that State, and through agreement he has reduced retail prices on practically every commodity in his State from 8 per cent to 60 per cent.

Senator McNARY. Is there any other State where such success has followed these efforts?

Mr. FIGG. Pennsylvania is having practically the same success now.

Senator McNARY. Is that due to the individuals or have you centered your work practically in those two States?

Mr. FIGG. No, sir; it is due to the efficient organizations built up by the fair-price commissioner in those States.

Senator McNARY. Could not that be done in other States?

Mr. FIGG. We are attempting to do it, and organizations are being completed as fast as possible. Our organization is complete in most States and they are efficient in most States, and in a few States we have asked for resignations to try to get more complete organizations.

Senator McNARY. Then in the State of Georgia the consumer can buy sugar and shoes and clothing cheaper than the consumer can buy similar things in the adjoining State of Alabama?

Mr. Figg. I would not say that is true as to sugar, but he can buy practically all other commodities cheaper.

Senator McNARY. Including shoes and clothing?

Mr. Figg. Yes, sir.

Senator KENYON. How much cheaper?

Mr. Figg. I could not tell you that.

Senator McNARY. As to the two flying squadrons, they are under pay by the Government?

Mr. Figg. Yes, sir.

Senator McNARY. And they go in groups of from 25 to 30 men?

Mr. Figg. Yes, sir.

Senator McNARY. And they clean up a community while there?

Mr. Figg. Yes, sir.

Senator McNARY. And you have two such flying squadrons?

Mr. Figg. Yes, sir; I think there are two of them working.

Senator McNARY. That means about 50 men are engaged in that branch of the service?

Mr. Figg. Yes, sir.

Senator McNARY. Have you any other men working under you or in connection with your division or under the Attorney General who are compensated by the Government and doing this line of work?

Mr. Figg. Yes; there are men who are called agents in every district and that are regular Bureau of Investigation agents.

Senator McNARY. Of the Department of Justice?

Mr. Figg. Yes, sir.

Senator McNARY. Do you know how many there are engaged in that work?

Mr. Figg. No, sir; because they are covering all branches of the Department of Justice's work.

Senator McNARY. Is prosecution of profiteers left to you?

Mr. Figg. No, sir; that is left in the hands of the United States attorney in each judicial district after the violations have been found and reported.

Senator McNARY. Are reports made to you or to Attorney General Palmer or to someone else?

Mr. Figg. Usually to me.

Senator KENYON. I saw that some Federal judge in Colorado had enjoined the placing before the grand jury of evidence as to profiteering.

Mr. Figg. Yes, sir.

Senator KENYON. Do you know about that case?

Mr. Figg. Yes, sir. He enjoined Mr. Tedrow, our United States attorney, from laying evidence of profiteering before the grand jury.

Senator KENYON. He would not allow the grand jury to investigate profiteering at all?

Mr. Figg. No, sir.

Senator POMERENE. I do not quite understand that situation. Do you mean that the Federal judge enjoined the presentation of evidence by the district attorney to the grand jury?

Mr. Figg. Yes, sir.

Senator POMERENE. That is, the Federal judge of that district?

Mr. FIGG. Yes, sir.

Senator McNARY. Have you a fair price committee in the District of Columbia?

Mr. FIGG. Yes, sir; we have an advisory board here.

Senator McNARY. Have they ever functioned in Washington?

Mr. FIGG. I only recently appointed that advisory board. We had a fair price commissioner here but he resigned, and we appointed an advisory board immediately.

Senator McNARY. Have they brought about any reduction of foodstuffs in the District of Columbia?

Mr. FIGG. I would say that they have prevented further increases.

Senator KENYON. You are speaking of yesterday and not of to-day.

Senator POMERENE. Your statement of a little while ago about the action of the Federal judge in Colorado has excited my curiosity. Have you seen the bill in equity which was filed asking for that injunction?

Mr. FIGG. No. I wrote to Mr. Tedrow for it last Thursday.

Senator POMERENE. Have you any information which would enable you to give us the reasons for enjoining a grand inquest by the United States attorney?

Mr. FIGG. No; the only thing I have at the present time is the fact that my attention was called to the view held by the United States judge that the interpretation of the law by the United States attorney was not in line with his view.

Senator POMERENE. With all due respect to that judge, I would say that it is none of his business.

Mr. FIGG. I agree with you.

Senator KENYON. The judge holds in advance that the Lever law is invalid because the war is over, I take it.

Senator POMERENE. That judge has no means of knowing what goes on in the grand jury room, and that grand jury has a right to go into anything it sees fit to go into.

Mr. FIGG. That judge's action has caused quite a lot of dissension in fair-price committee work. We have had telegraphic communications from practically all Western States since that time asking whether they should continue investigations of profiteering.

Senator JONES of New Mexico. At whose instance was that bill filed?

Mr. FIGG. At the instance of the judge himself.

Senator JONES of New Mexico. There must have been some complaint filed.

Mr. FIGG. No; there was no complaint filed, as I understand it.

Senator KENYON. I might say that the article I saw in the paper stated that it was started by some coal companies, and I think you are wrong, Mr. Figg, about the action being started by the judge himself.

Mr. FIGG. I thought it was entirely by the judge himself. That is all the information I have on it up to the present time.

Senator JONES of New Mexico. Of course, I can understand how the judge might instruct his grand jury to investigate certain cases, but I do not quite understand this matter.

Senator KENYON. I wish I had that newspaper article. Someone sent me a newspaper article from out there and it set forth that an injunction was issued against people presenting their evidence before the grand jury, and that it was done at the instance of some coal

companies and some large wholesale companies. I can not vouch for the article, of course.

Senator JONES of New Mexico. That certainly is an anomalous situation.

Senator KENYON. How long has this man been on the bench?

Mr. FIGG. I do not know.

Senator McNARY. Have you in your organization given any thought to an investigation of the matter pertaining to hides?

Mr. FIGG. Yes; we are having investigations made at the present time.

Senator McNARY. You are conscious of the fact that hides are much cheaper now than they were last summer?

Mr. FIGG. Yes, sir.

Senator McNARY. It has been brought to my attention, by a gentleman who came to my apartment on yesterday, that in certain localities in North Carolina, for instance, at Brenard, Rosman, and Asheville, great quantities of hides are stored by the Pennsylvania Tanning Co. and Toxaway Tanning Co., controlled by Swift & Co., and kept off the market so that the feeding of hides to the market might be slow in order to maintain prices. The traveling man who spoke to me about it claimed to know even the names and locations. I wondered if you had investigated the tanning and hide situation throughout the country generally to ascertain whether hides are being stored and kept off the market in order that the price of leather might be maintained.

Mr. FIGG. We have investigated the large hide centers but have not gone into communities of the character you mention. Probably Cincinnati is the largest hide market in the United States, and we have investigated very carefully all through those larger centers but were unable to find any large quantity of hides stored.

Senator McNARY. You have not found large quantities of hides stored?

Mr. FIGG. No, sir. We would be very glad to have information of that kind and will make an immediate investigation of it.

Senator McNARY. From your statement made here I assume that you are now and have been for some time assembling the facts that you have acquired by investigations for the purpose of using those facts through your machinery to prosecute men who are violating the law.

Mr. FIGG. That is correct.

Senator McNARY. And that whole scheme will develop shortly?

Mr. FIGG. We hope so.

Senator McNARY. Do you mean within the next 30 or 60 days?

Mr. FIGG. I hope within 30 days anyhow.

Senator McNARY. Do you think that prosecutions will follow and that the efforts made based upon the facts obtained in your investigation will bring about a lowering in price of food products?

Mr. FIGG. That is a question.

Senator McNARY. You have no hope along that line?

Mr. FIGG. It should bring about some reduction. If there are flagrant cases of profiteering we will unquestionably make some correction thereof. If there is profiteering, we should bring about a reduction.

Senator McNARY. Do you determine the question of prosecution on your own judgment or do the different district attorneys in the Federal districts in the various States determine what is an unreasonable profit, or do you leave that to your fair price committees?

Mr. FIGG. That is usually handled through the United States attorney of the district.

Senator McNARY. Is there any standard of profit used on similar commodities throughout the country?

Mr. FIGG. No, sir.

Senator McNARY. For instance, you take the subject of shoes, which we are investigating here: If a retailer buys shoes at \$5.72 and sells them for \$18 or \$20 would that be profiteering in one community and not in another?

Mr. FIGG. Well, that wide spread in there would unquestionably mean profiteering in any community.

Senator McNARY. Well, I think you will find that spread in a number of communities, and right here in the District of Columbia. What I want to get at is, if you have had some standard of profit which you say is legitimate and over that would be profiteering? Have you reached any standard by which to determine that matter?

Mr. FIGG. No, sir. We have left that to the committees in the different districts.

Senator KENYON. Who is fixing sugar prices now? Is anybody doing that?

Mr. FIGG. There is nobody fixing sugar prices. .

Senator McNARY. That is beyond fixing.

Senator KENYON. I saw an account that in the State of Rhode Island the grocymen were charged with profiteering on the ground that they were charging 23½ cents a pound, and it was decided that that was not excessive. What is the price now?

Mr. FIGG. The price of raw has reached 16½ and 17 cents a pound.

Senator McNARY. That is with the duty paid?

Mr. FIGG. Yes, sir.

Senator KENYON. That would hardly be considered excessive in view of the agreement made by Attorney General Palmer with the Louisiana sugar men, which remains one of the unsolved mysteries of the hour. What is that agreement with the Louisiana sugar men? Are you familiar with it?

Mr. FIGG. No, sir.

Senator KENYON. Not only in the matter of shoes but in all these other things, are you going into them?

Mr. FIGG. We are trying to take up the necessities of life from the very ground up.

Senator KENYON. According to this article the net profits of the National Candy Co. in 1915 were \$217,202—and I have had that checked up.

Mr. FIGG. We have never considered candy a necessity.

Senator KENYON. That is true. And in 1918 the profits of the National Candy Co. were \$1,399,718; that is, net profits, which meant an advance of 545 per cent.

Rockwood & Co., according to this article—and they are one of the largest manufacturers of chocolate, cocoa, and cocoa butter—and while these are not absolutely essentials they are quasi essentials, in



1919 showed profits of \$11,508,655, or 595 per cent increase over 1916. And somebody pays the bill.

Hartman & Co., house furnishings, according to this article, made a net profit in 1917 after paying all expenses, taxes, and so on, of \$509,316. In 1919, after Uncle Sam had taken hundreds of thousands of dollars in taxes, and they had paid all this heavy outlay, their net income jumped 349 per cent, leaving Hartman & Co. \$2,287,244 for dividends. This article states that that ought to be interesting to these young men in the Department of Justice who contemplate married life.

The National Enameling & Stamping Co.—and these particular figures I have checked—showed earnings of \$549,637 in 1914, and in 1917 their net income was \$4,245,553. Are you making any investigation of that company?

Mr. FIGG. No, sir.

Senator KENYON. You are not?

Mr. FIGG. No, sir.

Senator KENYON. Of course, tobacco is not a necessity, nor are cigars, but drugs are a necessity.

Mr. FIGG. It is not so interpreted under the act.

Senator KENYON. Drugs are not so interpreted?

Mr. FIGG. No, sir.

Senator KENYON. What do you interpret as necessities?

Mr. FIGG. The act says "foods, fuel, and wearing apparel."

Senator KENYON. I should think drugs would be necessities; in case of sickness they are pretty essential. Do you pay any attention to drugs?

Mr. FIGG. No, sir.

Senator KENYON. It is interesting to know that in 1916 the United Drug Co.'s net profits were \$1,883,001, and that in 1918 they were \$4,209,050. Would you go into the United Fruit Co.'s affairs at all?

Mr. FIGG. No, sir.

Senator KENYON. Their earnings in 1914, net, were \$3,742,247, while in 1918 they were \$14,933,557. The next is the Corn Products Co. Do you go into their affairs at all?

Mr. FIGG. Yes, sir.

Senator KENYON. Their earnings have gone up in three years about \$20,000,000. Then comes the American Hide & Leather Co. I think you stated you are making some investigation of them now?

Mr. FIGG. Yes, sir.

Senator KENYON. Their profits seem to have increased to an enormous extent. The International Paper Co. would not come under your investigations?

Mr. FIGG. No, sir.

Senator KENYON. Nor the American Linseed Oil Co.?

Mr. FIGG. No, sir.

Senator POMERENE. To what extent are shoes being shipped abroad?

Mr. FIGG. I am not familiar with exports of shoes.

Senator POMERENE. I had a letter the other day from a firm that is in trouble because they sent 70,000 pairs of shoes to France. There was some delay in delivery, and since that time the vendees have refused to take the shoes because of a difference in exchange, and now the vendor wants permission to send these 70,000 pairs of shoes

from France to Petrograd. You do not know of any reason why those shoes might not be shipped back here and sold at a profit?

Mr. FIGG. None at all. There is no embargo on exportation of shoes.

Senator KENYON. Moody's Analysis of Investments shows that in 1913 the American Hide & Leather Co. paid on their preferred stock dividends of 3.5 per cent, in 1916 they paid 12.6 per cent, in 1917 they paid 13.6 per cent, and in 1918 they paid 18.4 per cent.

That the Central Leather Co. went up from 13.17 per cent on preferred stock in 1913 to 46.52 per cent on preferred stock in 1916 and 33.14 per cent on common stock. That would be 79 per cent paid in dividends. In 1917 they paid 43.26 per cent on preferred stock and 30.40 per cent on common stock, or a total of 73 per cent in dividends. In 1918 it does not seem to be quite as much, but they paid 19.45 per cent on their preferred stock and 10.44 per cent on common stock. That is practically 30 per cent.

Mr. FIGG. What is the name of that company?

Senator KENYON. The Central Leather Co. The International Shoe Co. in 1913 earned on preferred stock 19.3 per cent and on their common 9.1 per cent. That went up to 33 per cent in 1916 on preferred stock and 19 per cent on common stock. In 1917 it went up to 40.8 per cent on preferred stock and 26.6 per cent on common stock. In 1918 it seems to have come down some, but was 28.1 per cent on preferred stock and 16.6 per cent on common stock.

The Brown Shoe Co. in 1914 earned 12.71 per cent on preferred stock and 3.63 per cent on common stock; in 1916 it was 39.67 per cent on preferred stock and 20.06 per cent on common stock; in 1917 it was 46.34 per cent on preferred stock and 23.66 per cent on common stock. That represented 670 per cent stock earnings. In 1918 it was 38.74 per cent on preferred stock and 18.23 per cent on common stock. I should think it might be well to look into the affairs of some of these companies. Have you looked into the affairs of the American Woolen Co. as to their earnings?

Mr. FIGG. Yes, sir.

Senator KENYON. You have them under consideration?

Mr. FIGG. Yes, sir.

Senator KENYON. Do not you think it is a pretty necessary thing, if anything can be done to stop this profiteering, that it be done and that it be done pretty soon?

Mr. FIGG. Yes, sir; absolutely.

Senator KENYON. Do not you think that the unrest to-day is as much chargeable to profiteering as to anything else, if not more so?

Mr. FIGG. Very largely.

Senator KENYON. I hope you will go ahead and get after it in a vigorous and expeditious manner.

Senator JONES of New Mexico. In fixing a fair price or margin of profit, do these local committees base same on a particular scale or on the business done for a period of time?

Mr. FIGG. Their policy is to take the operating expenses of a particular line of business. Speaking of the retail shoe business, for instance, they would go in and reach an average for overhead charges in that community in the shoe business and then determine upon a fair percentage of profit over and above those actual expenses.

Senator JONES of New Mexico. Now, as to that percentage of profits, is that based upon an individual sale or transaction or the total sales over a period of time or of years?

Mr. FIGG. It would have to be based upon the experience of the business. As an example, we will say that 30 per cent is the overhead charge and that they will allow 5 per cent net above that. They would consider then 35 per cent gross profit on all sales.

Senator JONES of New Mexico. Regardless of the volume of business done during the year?

Mr. FIGG. Well, of course the volume of business would increase the overhead and also the margin of profit. That must be taken into consideration.

Senator JONES of New Mexico. Is the amount of capital considered?

Mr. FIGG. All those things are factors to be considered in determining a fair profit.

Senator JONES of New Mexico. What I wanted to develop was this thought, whether or not a comparison of a large number of retail establishments indicated that their overhead charges were as a whole exorbitant and thus increased the price of a particular commodity to the consumer. Have you looked into that at all?

Mr. FIGG. Oh yes, sir. That is a factor that must be considered. Of course in arriving at a fair profit you run the risk of putting a premium on inefficiency in business, but you try to eliminate that as much as possible.

Senator McNARY. Mr. Figg, I have in my hands an article by the Searchlight, published in Washington, dated April, 1920. From this article I want to read the first paragraph [reading]:

When the coal controversy was at its height former Secretary of the Treasury McAdoo startled the Nation by declaring that in 1917 mine owners made shocking and indefensible profits on bituminous coal. He stated that their income tax returns indicated that they were making returns on capital stock of from 15 per cent to 2,000 per cent, and earnings of 100 per cent to 300 per cent on capital stock was not uncommon. Mr. McAdoo drew these facts in regard to coal, however, from a Senate resolution requesting all facts in the possession of the Treasury Department relative to profiteering.

That matter, of course, has been called to your attention?

Mr. FIGG. Yes, sir; Judge Ames, Assistant Attorney General, has fuel under his control.

Senator McNARY. Do you know whether he is investigating the statement made by Mr. McAdoo under this charge?

Mr. FIGG. I do not. I think they are, however.

Senator McNARY. Coal does not come under your division?

Mr. FIGG. No, sir; that has been separated from our division and put in charge of Judge Ames's division.

Senator McNARY. Under the Lever Act you have food and wearing apparel and fuel.

Mr. FIGG. Not as far as my individual division is concerned.

Senator McNARY. You have what?

Mr. FIGG. Food and wearing apparel.

Senator McNARY. And Judge Ames's organization is similar to yours?

Mr. FIGG. No, sir.

Senator McNARY. I mean, his jurisdiction over fuel is simply to bring action against miners in case of strikes.

Mr. FIGG. Oh, no. He is looking into the price question as well.

Senator McNARY. Do you know when he is going to make a report, or when action will be taken?

Mr. Figg. No; I do not know how far he has gone at all.

Senator KENYON. Congress gave the Attorney General the law he asked for as an amendment to the Lever Act.

Mr. Figg. Yes, sir.

Senator KENYON. And the Congress has given to your department appropriations asked for for this work.

Mr. Figg. As far as I know, yes; but I am not familiar with the appropriations at all.

Senator KENYON. You have the law and appropriation and a sufficient force. There is nothing more that the Congress can do, is there?

Mr. Figg. I am not familiar with that part of it.

Senator McNARY. In your division you lack nothing in the way of legislation?

Mr. Figg. We lack money.

Senator McNARY. I am speaking of legislation now. But do you need an appropriation?

Mr. Figg. Very badly.

Senator McNARY. For what purpose?

Mr. Figg. Our appropriation is in deficiency right at the present.

Senator KENYON. How much have you had for this purpose?

Mr. Figg. I do not know. It has not been separated, you know.

Senator McNARY. Do you mean to employ more agents?

Mr. Figg. No; but we are under the necessity of doing away with some we have. We must do away with some of our present force, because of lack of funds.

Senator KENYON. Do you want us to believe that what you have done has cut down the cost of living at all?

Mr. Figg. It has in some communities.

Senator KENYON. You point to Georgia as one State. Where else?

Mr. Figg. A good many States. I should say in Pennsylvania, Maryland, Missouri, and Minnesota.

Senator McNARY. In the State of Missouri what articles of food have been lowered in price be reason of community action?

Mr. Figg. Practically all food articles.

Senator McNARY. Do you know what per cent?

Mr. Figg. I do not know exactly, but I think probably 15 per cent.

Senator KENYON. That means a hammering of the farmer down, and not of the middleman.

Mr. Figg. No, sir. Those are prices where reductions have been made straight to the consumer, 15 per cent. That affects the wholesaler and retailer.

Senator McNARY. Then a person can live 15 per cent cheaper in Missouri than in Iowa?

Mr. Figg. I do not know about that.

Senator KENYON. Of course, it is worth more than that difference to live in Iowa.

Mr. Figg. Probably the prices were higher in Missouri than in Iowa to start with.

Senator KENYON. You can not give us the name of a single profiteer who has been indicted?

Mr. FIGG. No; I can not. If I attempted to do so here now, it would be merely a guess on my part.

I think it would be rather interesting to this committee, if I may offer a suggestion, that I send you the names of all persons arrested, including indictments and convictions, together with names of communities or districts. I will be very glad also to send you a memorandum which I prepared for the Attorney General as late as last Thursday, giving the actual reductions in living costs in a great many States.

Senator McNARY. That is exactly the data I was going to ask you for. Will you provide that for us?

Mr. FIGG. Yes, sir; I prepared it in the shape of a memorandum for the Attorney General last Thursday.

Senator McNARY. When can we get that?

Mr. FIGG. I will be very glad to send it to you to-day by messenger.

(The data referred to by the members of the committee was subsequently furnished by Mr. Figg, and is here printed in full, as follows:)

#### MEMORANDUM.

The attached order sufficiently explains the preliminary injunction granted in Colorado against the enforcement of certain portions of the Lever food control act.

United States Attorney Tedrow has been instructed to perfect an appeal in this case.

HOWARD FIGG.

APRIL 19, 1920.

[In the District Court of the United States for the district of Colorado. No. ——. The A. T. Lewis & Son Dry Goods Co. et al., plaintiffs, v. Harry B. Tedrow, as United States district attorney for the district of Colorado, defendant.]

#### ORDER.

This cause having come on to be heard upon the motion of the plaintiffs above named for a preliminary or interlocutory injunction as prayed in the bill of complaint, the said plaintiffs appearing by G. C. Bartels and C. C. Dorsey, their solicitors, and the said defendant appearing in his own proper person, and the court having considered the bill of complaint and the affidavit offered in support thereof, and listened to the argument of counsel, and being now sufficiently advised;

It is hereby ordered that the motion of plaintiffs for said preliminary or interlocutory injunction be and hereby is granted, and that until the final hearing herein or until the further order of this court, the defendant, his agents and representatives, and each of them, be and hereby is enjoined and prohibited from enforcing or attempting to enforce against the plaintiffs herein, or either or any of them, or against the officers, agents, or representatives of them or either of them, the act of Congress approved August 10, 1917, and entitled "An act to provide further for the national security and defense, by encouraging the production, conserving the supply, and controlling the distribution of food products and fuel," as amended by an act of Congress approved October 22, 1919, and therein designated as "The food control and District of Columbia rents act," from prosecuting or attempting to prosecute or instituting or attempting to institute any prosecution against them, or either of them, under said act, and from in any manner interfering with them, or either of them, or with the business of them, or either of them, or taking or attempting to take any steps whatever in respect to them, or either of them, or the business of them, or either of them, under or by virtue of any right or authority claimed to exist by reason of said act as amended, or any part thereof.

Done at Pueblo, Colo., this 9th day of April, A. D. 1920.

\_\_\_\_\_, District Judge.

*Criminal prosecutions under food-control act.*

## CONVICTIONS.

Case.	District.	Section of act, charge, and sentence.
Jose Bermejo.....	California, southern.....	Fined \$250; 3 months in jail. Section 6; hoarding flour.
Henry Spatz.....	Kentucky, western.....	Fined \$100. Meat.
Hulett Merritt.....	California, southern.....	Fined \$5,000; 5 months in jail. Section 6; hoarding sugar. (Appeal.)
George Roth and Julius Roth.	New York, southern.....	Section 4. Geo. Roth fined \$100; 30 days in jail. Julius Roth fined \$100; 1 day in jail. Conspiracy and profiteering in sugar.
Samuel Tulin.....	Connecticut, Hartford...	Section 4; sugar profiteering; pleaded guilty.
Fred C. Keith.....	Michigan, western.....	Pleaded guilty; fined \$250.
Shapiro Candy Co.....	New York, eastern.....	Section 4; fined \$1,000.
C. L. Quartermus.....	Georgia, northern.....	Section 6; fined \$100.
Isidore Greenspan.....	New Jersey, Newark.....	Section 4; fined \$1,500.
Max Mersky.....	Pennsylvania, western..	Section 4; sugar. (Not sentenced.)
Lloyd Phillips.....	Virginia, western.....	Section 15; fined \$50.
Herbert H. Thornton.....	New York, eastern.....	Section 4; sugar; fined \$100; 2 days in jail.
J. Kadis.....	Massachusetts, Boston..	Section 4; sugar; fined \$200.
7 convictions in Colorado.	Massachusetts, Boston..	Section 15.
J. Lankofsky.....	Massachusetts, Boston..	Section 4; sugar; fined \$200.
Samuel F. Flanzbaum (president).	Rhode Island.....	Fined \$1,000; section 4; profiteering in shoes.
Geo. M. Goldsmith (vice president).	.....do.....	Do.
A. M. Collins (treasurer)	.....do.....	Do.
Jos. Fredberg (manager), F. G. Collins Shoe Co.	.....do.....	Fined \$500; section 4; profiteering in shoes.
D. Bonhage.....	Louisiana, eastern.....	Section 4; shoes; fined \$25.
Mike Bolongo.....	.....do.....	Section 4; sugar; fined \$25.
A. Blumenthal.....	California, southern.....	Section 4; sugar; fined \$2,500.
E. L. Lipshitz.....	.....do.....	Do.
Joe Letiff.....	Oregon, Portland.....	Section 4; sugar; fined \$50.
Chas. E. Pitt.....	Maryland, Baltimore....	Section 4; sugar; fined \$25.
David Altman.....	.....do.....	Section 4; sugar; fined \$200.
Jos. L. Crouse.....	.....do.....	Section 4; sugar; fined \$75 and sentenced 15 days in jail.
Andrew Crouse.....	.....do.....	Do.
Abraham Schlossberg.....	.....do.....	Section 4; sugar; fined \$100.
Wm. Vollkert.....	.....do.....	Section 4; meat; fined \$150.
Simon Gold.....	Connecticut.....	Section 4; sugar; fined \$250.
Antonio Messina.....	Maryland, Baltimore....	Section 4; fruit; fined \$100.
Jos. Masew.....	New York, northern.....	Section 4; sugar; fined \$500.
J. Fred Morlock.....	New York, western.....	Section 25; coal; fined \$300.
M. Albee.....	.....do.....	Section 25; coal; fined \$150.
Lon Stephens.....	Alabama, middle.....	Section 6; hoarding sugar; sentenced 10 days in jail; fined \$100.
Will Joseph.....	Kentucky, eastern.....	Section 15; sentenced 30 days in jail.
Sam Joseph.....	.....do.....	1 day in jail.
William Page.....	.....do.....	Section 15; sentenced 60 days in jail or \$100 fine; served 10 days, then paid fine.
Jack Smith.....	.....do.....	30 days in jail and fined \$100; section 15.
Gilbert Creech.....	.....do.....	60 days in jail; section 15.
Coett Dobson.....	.....do.....	Fined \$100; section 15.
Ballard Coburn.....	.....do.....	Fined \$200. (Considered with case No. 1610.)
Kelly Bowling.....	.....do.....	Section 15.
Martin Patrick, jr.....	.....do.....	Fined \$200; section 15.
Tennis Bartley.....	.....do.....	30 days in jail; section 15.
Baz Belcher.....	.....do.....	Fined \$150; section 15.
Greely Belcher.....	.....do.....	Do.
John Ramey.....	.....do.....	Do.
George Ramey.....	.....do.....	Fined \$150 (paid); section 15.
Ollie Ramey.....	.....do.....	Fined \$150; replevin bond.
Ira Little.....	.....do.....	Do.
Roach Gayheart.....	.....do.....	Fined \$100. (Considered with case No. 1681.)
Jason Fannin.....	.....do.....	Section 15.
Wilson Evans.....	.....do.....	Fined \$100; section 15.
Andy Hepach.....	.....do.....	Fined \$50; section 15.
Sol Johnson.....	.....do.....	Do.
Mike Harworth.....	.....do.....	Fined \$100; section 15.
Coleman Michl.....	.....do.....	Fined \$300; section 15.
Milton Gibson.....	.....do.....	Fined \$100; section 15.
Herbert Patton.....	.....do.....	Do.
Ulls Gibson.....	.....do.....	Fined \$100; temporary mittimus; section 15.
John Mason.....	.....do.....	Sentenced 20 days in jail; section 15.
Frank Baker.....	.....do.....	Fined \$100; temporary mittimus; section 15.
Henry Harris.....	.....do.....	Fined \$100; section 15.
Grover Bengo.....	.....do.....	Do.
Chester Goodin.....	.....do.....	Fined \$150; section 15.
Alvin Goodin.....	.....do.....	3 months in jail; section 15.
		Fined \$100; section 15.
		Fined \$130; section 15.

*Criminal prosecutions under food-control act—Continued.*

## Convictions—Continued.

Case.	District.	Section of act, charge, and sentence.
Alex Maiden.....	Kentucky, eastern.....	Fined \$180; section 15.
J. C. Literal.....	do.....	Fined \$150; section 15.
Aaron Collins.....	do.....	60 days in jail; section 15.
John E. Waldon.....	do.....	3 months in jail; section 15.
Luther Whicker.....	do.....	Sentenced 3 months in jail or \$100 fine; paid fine.
Isaac Madden, sr.....	do.....	Fined \$500; paid \$200; replevin bond \$300; No. 15.
John Ferrell.....	do.....	6 months in jail; section 15.
Lloyd Phillipa.....	Virginia, western.....	Section 15; fined \$50.
George Ramey.....	do.....	Section 15; sentenced 6 months in jail.
John Tansler.....	do.....	Section 15; fined \$100; 4 months in jail.
Walter Honaker.....	do.....	Do.
Jim St. George.....	Alabama, middle.....	Section 15; sentenced 30 days in jail; fined \$100.
Judson Jones.....	do.....	Do.
Alvester Hall.....	do.....	Do.
Richard Lovelady.....	do.....	Section 15; sentenced 1 month in jail; fined \$100.
William Mask.....	do.....	Sentenced 1 day in jail; fined \$100; section 15.
Nevin M. McInnish.....	do.....	Section 15; sentenced 1 month in jail; fined \$100.
Lee Alford.....	do.....	Section 15; sentenced 1 month in jail; fined \$100.
J. I. O'Neal (alias Dowdell O'Neal, Will O'Neal).	do.....	Section 15; each defendant sentenced 6 months in jail; fined \$100.
G. W. Stanley.....	Kentucky, eastern.....	Section 15; fined \$50.
Jim Case.....	do.....	Section 15; fined \$100.
Proctor Griffith.....	do.....	Section 15; fined \$100; 30 days in jail.
W. C. Powell.....	do.....	Section 15; 6 months in jail.
Gilbert Dutton.....	do.....	Section 15; 60 days in jail.
Paris Bartley.....	do.....	Section 15; fined \$150.
Creed Osborne.....	do.....	Section 15; 2 years in penitentiary.
Jim Jones.....	do.....	Section 15; fined \$150.
James Moore.....	do.....	Do.
Charlie Moore.....	do.....	Section 15; fined \$100.
Fred Taylor.....	do.....	Do.
Walter P. Clark.....	New York, northern.....	Section 15; 10 days in jail.

## PROSECUTIONS UNDER FOOD CONTROL ACT.

## CASES IN WHICH SENTENCES HAVE BEEN IMPOSED.

Section 4: Sugar, 22; meat, 2; wearing apparel, 5; fruit, 1. Total, 30.  
 Section 6: Sugar, 3; flour, 1. Total, 4.  
 Section 25: Coal, 2.  
 Section 15, 72.  
 Grand total, 108.

## INDICTMENTS.

Section 4: Sugar, 60; meat, 1; wearing apparel, 21; fuel, 139; unknown commodities, 24; restaurants, 11; section unknown, 5; flour, 2; bakery, 1. Total, 264.  
 Section 6: Sugar, 4; bacon, 3; unknown, 1. Total, 8.  
 Section 5: Sugar, 1.  
 Section 25, 7.  
 Section 15, 822.  
 Grand total, 1,102.

## ARRESTS.

Section 4: Sugar, 127; meat, 21; wearing apparel, 11; fuel, 4; milk, 1; unknown commodities, 4; drugs, 1. Total, 169.  
 Section 6: Sugar, 2.  
 Section 5: Sugar, 2.  
 Section 15, 6.  
 Grand total, 179.

## SUMMARY.

Totals: Section 4, 463; section 6, 14; section 25, 9; section 5, 3; section 15, 900.  
 Grand total, 1,389.

*Indictments.*

Case.	District.	Section.	Charge and disposition.
Dunnavant & Hammer.....	California, southern.....	6	Hoarding sugar (dismissed).
Christian Limburg.....	Pennsylvania, western.....	4	Sugar.
Jacob Lerner.....	New York, southern.....	4	Conspiracy and profiteering in sugar.
Louis Leavitt.....	New York, eastern.....	6	Hoarding bacon (1,300,000 pounds).
Shutte.....	Connecticut, Hartford.....	4	Profiteering in sugar.
Ramos Zertuche.....	Texas, western.....	4	Sugar.
Frank L. Benton.....	Washington, eastern.....	4	Profiteering in coal.
Joe Goldberg.....	California, southern.....	4	Sugar (acquitted).
F. S. Chandler.....	do.....	4	Do.
Foster B. Parriot et al.....	Pennsylvania, western.....	4	Fuel oil.
Eard L. Hines.....	North Carolina, western.....	4	Shoes.
M. Sosnik.....	do.....	4	Do.
S. Sosnik.....	do.....	4	Do.
Phillip Greenspan.....	New Jersey, Perth Amboy.....	4	Sugar.
Jacob Greenspan.....	do.....	4	Do.
Hyman Greenspan.....	do.....	4	Do.
The Van Noy Interstate Co.....	South Dakota.....	4	Profiteering restaurant business; discriminating.
Wm. Mahoney.....	do.....	4	Do.
M. Spiles.....	do.....	4	Do.
M. Zorgia.....	do.....	4	Do.
Sam Cortos.....	do.....	4	Do.
Hay Dagres, John Dagres.....	do.....	4	Do.
Dan Cacavas.....	do.....	4	Do.
Pete Tsiolis.....	do.....	4	Do.
John Tsiolis.....	do.....	4	Do.
James Tsiolis.....	do.....	4	Do.
Joe Guthrie.....	Texas, eastern.....	4	
J. G. Eslinger.....	New Mexico.....		Destruction of food and food products.
John Fleury.....	New York, northern.....		
Jos. Lassonde.....	do.....		
Geo. W. Sheehan, Geo. L. Dowd, Loraine J. Shafer, Geo. P. Leinberger (Central Sugar Co.).....	Pennsylvania, western.....	4	Sugar.
Jacob Thomsen (Thomsen Tea Co.).....	New York, eastern.....	4	Profiteering.
Abraham Haber, Julius Haber.....	do.....	4	Do.
Louis Leavitt.....	do.....	6	Hoarding.
J. S. Lawson, A. Emil Johnson, Elmer Caesar (United States Sugar Co.).....	Wisconsin, western.....	4	Sugar.
Wm. M. Streit, James Davidson (Mount Clemens Sugar Co.).....	Michigan, eastern.....	4	Do.
Emil Gronberg.....	Montana.....	4	Do.
32 indictments in Colorado.....		15	
Merle Starnes.....	New York, eastern.....	4	Do.
Samuel Davis.....	do.....	4	Do.
Benj. Stergloff.....	do.....	4	Do.
Santiago Iglesias Pantin.....	Porto Rico.....	4	Do.
P. Rivera Martinez.....	do.....	4	Do.
Julio Aybar.....	do.....	4	Do.
Esteban Padilla.....	do.....	4	Do.
Abram Pena Romero.....	do.....	4	Do.
Emilio Fariza.....	do.....	4	Do.
Jose Ferrer et al.....	do.....	4	Do.
R. M. Everitt.....	Georgia, northern.....	4	Do.
J. Frank.....	do.....	4	Do.
Cohen Grocery Co.....	Missouri, western.....		
John C. Layman.....	Wyoming.....	9	Obstructing and retarding movement of trains engaged in interstate commerce.
Louis Leavitt.....	New York, eastern.....	6	Hoarding bacon.
Butte Water Co. and J. F. Fabian.....	Montana.....	6	Hoarding sugar.
Max Udelowich.....	Illinois, northern.....	4	Sugar; \$5,000 bond.
Louis Silver.....	do.....	4	Do.
Abraham J. Minkus, Henry J. Miller, Joseph Katz (See-Moon Co.).....	do.....	4	Sugar; \$5,000 bond each.
Samuel Surkin, Mandel Portnoy (Surkin & Portnoy Co.).....	do.....	4	Do.
Gus Patsios.....	do.....	4	Sugar; \$5,000 bond.
John Q. Syme.....	do.....	5	Sugar.
Harry L. Kanter, Norton E. Ruderman (Empire Wholesale Grocery Co.).....	do.....	4	Do.
John J. Novak, Victor O. Novak, Edward A. Novak (Novak Grocery Co.).....	do.....	4	Sugar; \$5,000 bond each.
H. J. Astague.....	Louisiana, eastern.....	4	Sugar.
Vic Bordeaux.....	do.....	4	Do.



## Indictments—Continued.

Case.	District.	Section.	Charge and disposition.
Lee Goon.....	Arizona.....	4	Sugar.
People Fuel & Feed Co.....	do.....	4	Wood.
L. F. Eckert.....	Oregon.....	4	
Diamond Shoe & Garment Co.....	West Virginia.....	4	
Spokane Dry Goods Co.....	Washington, eastern.....	4	Wearing apparel.
Culbertson, Grote-Rankin Co.....	do.....	4	Do.
Hill Bros. Shoe Co.....	do.....	4	Do.
J. Ochoa y Hermano.....	Porto Rico.....	4	Sugar.
Ayers & Lang.....	Michigan, eastern.....	4	Coal (second indictment).
Thos. N. Mordue Coal Co.....	do.....	4	Do.
Thos. N. Mordue, jr.....	do.....	4	Do.
Mount Clemens Sugar Co.....	do.....	4	Sugar (second indictment).
Do.....	do.....	4	Sugar (third indictment).
Morris & Co.....	Texas, western.....	4, 6	Dismissed on motion of United States attorney.
Wilson & Co.....	do.....	4, 6	Do.
P. Brown.....	do.....	4, 6	
N. Mitchell.....	do.....	4, 6	
J. Mitchell.....	do.....	4, 6	
Silvanus J. Macy.....	New York, western.....	4	
L. Cohen Grocery Co.....	Missouri, eastern.....	4	Sugar (direction of verdict for delendant).
The Paris Cloak & Suit Co.....	New York, northern.....	4	Clothing.
H. W. Baldwin Shoe Co.....	do.....	4	Do.
The Schenectady Clothing Co. (Inc.).....	do.....	4	Do.
John G. Myers Co.....	do.....	4	Do.
Walter E. Long, Harry S. Ayers (Ayers & Lang Co.). <sup>1</sup>	Michigan, eastern.....	4	Profiteering in coal.
Thomas N. Mordue, sr., Thomas N. Mordue, jr. (Thos. N. Mordue Coal Co.).....	do.....	4	Do.
Fred Marvin.....	South Carolina, eastern.....	4	Profiteering in sugar.
Fred Barkerding.....	do.....	4	Do.
Chas. F. Eggert.....	North Dakota.....	4	Do.
Robert Glickman.....	Maryland, Baltimore.....	4	Meat.
Chas. E. Kielczwski.....	Illinois, northern.....	4	Sugar; \$5,000 bond.
A. Zdryewski.....	do.....	4	Do.
A. W. Anderson.....	Oregon, Portland.....	4	Sugar.
Jacob Rossi.....	do.....	4	Do.
E. S. Barry.....	Louisiana, eastern.....	(2) 4	
Edgar C. Leonard, Gardner C. Leonard (Cotrell & Leonard).....	New York, northern.....	4	
Jessie M. Hilton, Robt. M. Chambers, Edward F. Hackett, Margaret M. Sturdee, H. King Sturdee (John G. Myers Co.).....	do.....	4	
Schenectady Clothing Co.....	do.....	4	Clothing.
J. & T. Cousins & Co.....	do.....	4	
E. L. Vodermark.....	Florida, southern.....	4	Sugar.
Harkeshimer Grocery Co.....	do.....	4	
Rome Municipal Gas Co.....	Georgia, northern.....	25	
James Sharp.....	Kentucky, eastern.....	25	
C. E. Herd, W. V. Tennient, C. W. Willis (Queensbury Coal Co.).....	do.....	25	
R. S. Bingham.....	do.....	25	
L. Cohen Grocery Co.....	Missouri, eastern.....	4	Sugar (second indictment).
James M. Armstrong.....	Indiana.....	4	Coal (conspiracy to limit production and enhance price of coal).
John A. Donaldson.....	do.....	4	Do.
W. K. Field.....	do.....	4	Do.
William Henderson.....	do.....	4	Do.
F. B. Lincoln.....	do.....	4	Do.
W. A. Luce.....	do.....	4	Do.
James G. Patterson.....	do.....	4	Do.
J. H. Sanford.....	do.....	4	Do.
A. A. Augustus.....	do.....	4	Do.
Michael Gallagher.....	do.....	4	Do.
W. H. Haskins.....	do.....	4	Do.
Geo. W. Jones.....	do.....	4	Do.
E. C. Maurer.....	do.....	4	Do.
James Pritchard.....	do.....	4	Do.
Joe. Pursglove.....	do.....	4	Do.
John M. Roan.....	do.....	4	Do.
S. H. Robbins.....	do.....	4	Do.
G. C. Weitzel.....	do.....	4	Do.
John Chesterfield.....	do.....	4	Do.
Wm. J. Freeman.....	do.....	4	
Morton L. Gould.....	do.....	4	Do.
J. C. Kolsem.....	do.....	4	Do.
Edwin D. Logsdon.....	do.....	4	

<sup>1</sup> 2 different indictments.<sup>2</sup> Unknown.

*Indictments—Continued.*

Case.	District.	Section.	Charge and disposition.
Phil. H. Penna.....	Indiana.....	4	Coal (conspiracy to limit production and enhance price of coal).
G. H. Richards.....	do.....	4	Do.
Hugh Shirkie.....	do.....	4	Do.
Homer B. Tally.....	do.....	4	Do.
H. C. Adams.....	do.....	4	Do.
Thomas T. Brewster.....	do.....	4	Do.
Geo. B. Harrington.....	do.....	4	Do.
F. C. Honnold.....	do.....	4	Do.
T. M. Jenkins.....	do.....	4	Do.
W. K. Kavanaugh.....	do.....	4	Do.
Rice Miller.....	do.....	4	Do.
C. M. Moderwell.....	do.....	4	Do.
F. S. Peabody.....	do.....	4	Do.
H. C. Perry.....	do.....	4	Do.
John P. Reese.....	do.....	4	Do.
J. E. Rutledge.....	do.....	4	Do.
E. C. Searles.....	do.....	4	Do.
W. L. Smick.....	do.....	4	Do.
J. W. Spencer.....	do.....	4	Do.
P. J. Wilson.....	do.....	4	Do.
Thomas Byers.....	do.....	4	Do.
Carl J. Fletcher.....	do.....	4	Do.
Jonas Waffle.....	do.....	4	Do.
Harry W. Little.....	do.....	4	Do.
R. W. Couffer.....	do.....	4	Do.
M. E. Mogg.....	do.....	4	Do.
David Ingle.....	do.....	4	Do.
W. H. Tobin.....	do.....	4	Do.
Wm. Zoller.....	do.....	4	Do.
Edward Shirkie.....	do.....	4	Do.
Edward Hackett.....	do.....	4	Do.
C. H. Whitsett.....	do.....	4	Do.
Geo. A. VanDyke.....	do.....	4	Do.
Robert E. Lee.....	do.....	4	Do.
H. M. Ferguson.....	do.....	4	Do.
John Kelly.....	do.....	4	Do.
David Terhune.....	do.....	4	Do.
Robert J. Smith.....	do.....	4	Do.
Henry Smith.....	do.....	4	Do.
Archibald Spears.....	do.....	4	Do.
George A. Anthony.....	do.....	4	Do.
Richard Fitzgerald.....	do.....	4	Do.
William J. Hamilton.....	do.....	4	Do.
Theodore Keller.....	do.....	4	Do.
J. K. Deering.....	do.....	4	Do.
Walter D. Talley.....	do.....	4	Do.
Warren F. Smith.....	do.....	4	Do.
Jack McQuade.....	do.....	4	Do.
John A. Templeton.....	do.....	4	Do.
John Connory.....	do.....	4	Do.
J. C. Muren.....	do.....	4	Do.
Wm. Epperson.....	do.....	4	Do.
Robert Perry.....	do.....	4	Do.
John Little.....	do.....	4	Do.
John Purcell.....	do.....	4	Do.
H. A. Huskey.....	do.....	4	Do.
Banus E. Neal.....	do.....	4	Do.
Frank Thorpe.....	do.....	4	Do.
Valentine Martin.....	do.....	4	Do.
Alfred M. Ogle.....	do.....	4	Do.
Jabes Wooley.....	do.....	4	Do.
William P. Zimmerman.....	do.....	4	Do.
Walter S. Bogle.....	do.....	4	Do.
John L. Lewis.....	do.....	4	Do.
Wm. Green.....	do.....	4	Do.
Percy Tetlow.....	do.....	4	Do.
Edward Stewart.....	do.....	4	Do.
Wm. Raney.....	do.....	4	Do.
Wm. Mitch.....	do.....	4	Do.
John Hessler.....	do.....	4	Do.
Ed. Haverkamp.....	do.....	4	Do.
Jas. A. McKinney.....	do.....	4	Do.
Harry Such.....	do.....	4	Do.
Chas. Fettinger.....	do.....	4	Do.
Harry Lentz.....	do.....	4	Do.
U. G. Hall.....	do.....	4	Do.
Frank Farrington.....	do.....	4	Do.
Harvey Fishwick.....	do.....	4	Do.
Chas. Grace.....	do.....	4	Do.
Robt. T. McAllister.....	do.....	4	Do.

*Indictments—Continued.*

Case.	District.	Section.	Charge and disposition.
Walter Nesbit.....	Indiana.....	4	Coal (conspiracy to limit production and enhance price of coal).
Wm. J. Sneed.....	do.....	4	Do.
Ben. Williams.....	do.....	4	Do.
Jos. T. Yearsley.....	do.....	4	Do.
Wm. C. Cavanaugh.....	do.....	4	Do.
P. T. Fagan.....	do.....	4	Do.
Robt. R. Gibbons.....	do.....	4	Do.
Wm. Hargest.....	do.....	4	Do.
Thos. Hughes.....	do.....	4	Do.
Frank Leithold.....	do.....	4	Do.
Phillip Murray.....	do.....	4	Do.
John McWee.....	do.....	4	Do.
John O'Leary.....	do.....	4	Do.
Geo. Cecil.....	do.....	4	Do.
Lee Hall.....	do.....	4	Do.
John Moore.....	do.....	4	Do.
Thomas Price.....	do.....	4	Do.
Wm. Robinette.....	do.....	4	Do.
Wm. Roy.....	do.....	4	Do.
G. W. Savage.....	do.....	4	Do.
John Sexton.....	do.....	4	Do.
Wm. C. Thompson.....	do.....	4	Do.
Salvador Gonzales, Trinidad Duran, Ramon Duran.	Arizona.....	4	Wood.
Mike Sorovilla.....	do.....	4	Do.
Emil Kovacovich.....	do.....	4	Flour.
A. B. Kauzlarich.....	do.....	4	Do.
Roger W. Warren.....	do.....	4	
I. Levinson.....	West Virginia, southern.	4	Wearing apparel.
Greenville Bakery Co. et al (Cole, proprietor).	South Carolina, western.	4	
Leo L. Ullman, Sol E. Ullman.	Virginia, eastern.	4	Sugar.
Buffalo Shirt Co. (Inc.).	New York, western.	4	Clothing.
Reliable Credit Clothing Co.	do.....	4	Do.
C. A. Weed & Co.	do.....	4	Do.
Antwerp Diamond Co. (Inc.).	do.....	4	
Sultzbach Clothing Co. (Inc.).	do.....	4	Do.
Hens & Kelly Co.	do.....	4	Do.
H. E. Gay.....	Florida, northern.	15	
J. W. McCraney.....	do.....	15	
Brack Oats.....	do.....	15	
Arthur Hogan.....	do.....	15	
Frank Mason.....	do.....	15	
D. O. Hunt.....	do.....	15	
Joe Burnett and Joe Witherspoon.	do.....	15	
Ben Warren.....	do.....	15	
James McCraney (alias McCraney).	do.....	15	
M. R. Corner, D. Leach, and Robt. Booker.	Texas, southern.	15	
J. B. Pennington.....	Washington, western.	15	
Jack Davis.....	do.....	15	
Frank Lionatti.....	do.....	15	
Nick Makris.....	do.....	15	
Richard Berti.....	do.....	15	
John Holman.....	Pennsylvania, western.	15	
John Kardrich.....	do.....	15	
Sylvester Marian.....	do.....	15	
Andy Bekich (alias Bikich), Steve Zanich, Rody Royahowit (Rade Rajakovic).	do.....	15	
Alick Brada.....	Washington, western.	15	
F. Zoldan and F. Del Puppo.	do.....	15	
Paul Ritchie and Christ Hartwig.	do.....	15	
Bruno Gran'innett.	do.....	15	
Orren Johnston.....	do.....	15	
David Keith, W. P. Phillips, Wm. Farrell.	do.....	15	
Eva Byer Helmlinger (Eva Byers).	Pennsylvania, western.	15	
Herman Brenner.....	New York, eastern.	15	
Leo Brenner.....	do.....	15	
Alex Carlson.....	do.....	15	
Louis Hyman.....	do.....	15	
Wilfred Dussault.....	Vermont, Rutland.	15	
George Grouz.....	do.....	15	
Chas. H. Johnston.....	do.....	15	
James Walsh.....	do.....	15	
Mose Laravie.....	do.....	15	
Jos. H. St. Onge.....	Vermont, Burlington.	15	
Ida V. St. Onge.....	do.....	15	

*Indictments—Continued.*

Case.	District.	Section.	Charge and disposition.
Edgar Bisallon.....	Vermont, Burlington.....	15	
Joseph Brassard.....	do.....	15	
R. J. De Colaines.....	do.....	15	
C. B. Atwood.....	do.....	15	
J. T. Jerue.....	do.....	15	
R. J. De Colaines.....	do.....	15	
Richard G. Bond.....	New York, northern.....	15	
Reginald Tersaul.....	do.....	15	
John Viau.....	do.....	15	
Ludwaz Stefanoeicz.....	Ohio, northern.....	15	
Joe Dobis.....	do.....	15	
Henry Bole.....	do.....	15	
Philip Kampf.....	do.....	15	
Ignatz Kordleski.....	do.....	15	
Mike Crlenjak.....	do.....	15	
Joe Tomasevick (alias Thomas; Tomiss).....	do.....	15	
Nick Bolsch.....	do.....	15	
Tony Trbovich.....	do.....	15	
Dragutin Markovich.....	do.....	15	
George Korkan.....	do.....	15	
Stiff Dineff.....	do.....	15	
Steve Nikola.....	do.....	15	
George Miu.....	do.....	15	
Russ Hoskins.....	Kentucky, eastern.....	15	
Sam Feltner.....	do.....	15	
Alex Malden.....	do.....	15	
Leonard Morgan.....	do.....	15	
Steve Ferman.....	do.....	15	
Felix Ferman.....	do.....	15	
John Ferman.....	do.....	15	
Daniel Day.....	do.....	15	
Alber Day.....	do.....	15	
John Garrett.....	do.....	15	
John Krahenbuhl.....	do.....	15	
Wilson Blanton.....	do.....	15	
Sam Presley.....	do.....	15	
Jake Presley.....	do.....	15	
Allen Mason.....	do.....	15	
Fred Taylor.....	do.....	15	
Jeff Taylor.....	do.....	15	
Harrison Taylor.....	do.....	15	
Alex Taylor.....	do.....	15	
Willie Taylor.....	do.....	15	
Jack Collins.....	do.....	15	
Alex Collins.....	do.....	15	
Conrad Wages.....	do.....	15	
John Alcorn.....	do.....	15	
James Sandlin.....	do.....	15	
Henry Moore.....	do.....	15	
Wallace Gilbert.....	do.....	15	
Daniel Smith.....	do.....	15	
Troy Cobb.....	do.....	15	
Crit Thomas.....	do.....	15	
Simon Blanton.....	do.....	15	
John Blanton.....	do.....	15	
Robert Fee.....	do.....	15	
Nobe Woodard.....	do.....	15	
Wm. Smith, sr.....	do.....	15	
Alex Smith.....	do.....	15	
Henry Moore.....	do.....	15	
James Hale.....	do.....	15	
Willie Jones.....	do.....	15	
Mat Botkins.....	do.....	15	
Carl Napier.....	do.....	15	
Ballinger Noe.....	do.....	15	
Orville Fletcher.....	do.....	15	
Wm. Church.....	do.....	15	
John Henry.....	do.....	15	
Wm. A. Carson.....	New York, northern.....	15	
Joseph Miner.....	do.....	15	
Edward Madden.....	do.....	15	
Everest Gilbert.....	do.....	15	
Elihu Kilburn.....	Kentucky, eastern.....	15	
Bill Melton.....	do.....	15	
Boone Stamper.....	do.....	15	
Sim Grigsby.....	do.....	15	
John Grigsby.....	do.....	15	
Al Williams.....	do.....	15	
Willie Napier.....	do.....	15	
James Jones, sr.....	do.....	15	
James Jones, jr.....	do.....	15	

*Indictments—Continued.*

Case.	District.	Section.	Charge and disposition.
Hiram Richie.	Kentucky, eastern.	15	
Jack Homes, alias Jack Combs.	do.	15	
Dave Sexton.	do.	15	
Larkin Smith.	do.	15	
John Short, alias Black Jim Short.	do.	15	
Ed. Holt.	do.	15	
Mrs. L. D. Holt.	do.	15	
Clark Napier.	do.	15	
Wesley Cornelison.	do.	15	
Tan Fox.	do.	15	
Floyd Jones.	do.	15	
Ballard Jones.	do.	15	
John Smith.	do.	14	
Shilo Holliday.	do.	15	
Ira Banks.	do.	15	
Brice Green.	do.	15	
Dawsey Melton.	do.	15	
Carter Feltner.	do.	15	
Robert Brock.	do.	15	
Sam Roberts.	do.	15	
Tee Roberts.	do.	15	
Clabe Short.	do.	15	
Ed Williams.	do.	15	
Jno. H. Williams.	do.	15	
Tom Williams.	do.	15	
Ben Thomas.	do.	15	
Dave Williams.	do.	15	
Robt. Short.	do.	15	
R. T. Thomas.	do.	15	
Jas. Short.	do.	15	
Banner Short.	do.	15	
Ervine Pratt.	do.	15	
Rich Short.	do.	15	
Tackett Short.	do.	15	
Phillip Joseph *	do.	15	
Beckham Dobson.	do.	15	
Jason Dobson.	do.	15	
Noah Bowling.	do.	15	
Samp Ingle.	do.	15	
Tom Merrill.	do.	15	
Will Walters.	do.	15	
J. E. Fugate.	do.	15	
J. R. Shepard.	do.	15	
Tolby Terry.	do.	15	
John Terry.	do.	15	
Tanner Lovens.	do.	15	
Lee Combs.	do.	15	
Crisley Baker.	do.	15	
Allen Honeycutt.	do.	15	
Chig Begley.	do.	15	
How Begley.	do.	15	
Bon Browning.	do.	15	
Alex Gayheart.	do.	15	
B. B. Peavler.	do.	15	
John Kilgallen.	do.	15	
Talt Emery.	do.	15	
Squire Baker.	do.	15	
Tolby Terry.	do.	15	
Barlow Shepherd.	do.	15	
Jim Sloan.	do.	15	
Jim Young.	do.	15	
Luther Young.	do.	15	
Pen Tavior.	do.	15	
Leonard Dunn.	do.	15	
Spencer Davidson.	do.	15	
Ike Benton Combs.	do.	15	
Isom Miles.	do.	15	
Alfred Pinchard.	do.	15	
Ernest C. Morissette.	do.	15	
George Volari (George Valarr).	Pennsylvania, western.	15	
Adam Muller.	do.	15	
George Dillon, Steve Vikor.	do.	15	
Vaso Milicovic.	do.	15	
Matt Shakac.	do.	15	
Tony Klingel.	do.	15	
Frank Svitch (Frank Cvath).	do.	15	
Francis Martin Kovic (Francis Macintwich).	do.	15	
Nick Dijacic, Steve Maticovik.	do.	15	
Mike Paunonic.	do.	15	
Vasile Patria (Vasile Peter).	do.	15	
Mike Costea.	do.	15	

## Indictments—Continued.

Case.	District.	Section.	Charge and disposition.
Mike Redu (Keic Radu).....	Pennsylvania, western.....	15	
Pet Sarlea (Peter Sharlie).....	do.....	15	
John Frank.....	do.....	15	
Sam Horzich, Sam Mitkovitch.....	do.....	15	
Joseph Remich (Jos. Remage).....	do.....	15	
Fred Moran (Internal Revenue)....	Ohio, northern.....	15	
Wm. Chinni.....	do.....	15	
Nick Gish.....	do.....	15	
Nick Carpatorea.....	do.....	15	
Jos. Kiercs.....	do.....	15	
Steve Berres.....	do.....	15	
John David.....	do.....	15	
Adam Roma, Nick Bobes, and Aloma Molodom.....	do.....	15	
Edwin W. Felt.....	Vermont.....	15	
R. L. Henderson.....	do.....	15	
Arthur Cota.....	do.....	15	
Rada Ivonicvich.....	Ohio, northern.....	15	
Mike Uuckovich.....	do.....	15	
Frank Lisiklik.....	do.....	15	
Frank Petrus.....	do.....	15	
Geo. Gabra.....	do.....	15	
Joseph Radotovic.....	do.....	15	
Simon Lupso.....	do.....	15	
Mike Grulich.....	do.....	15	
Paul Parnicky.....	do.....	15	
Steve Debozy.....	do.....	15	
Bob Wukovich.....	do.....	15	
Daniel J. Hayduk.....	do.....	15	
Bozo Yonkow.....	do.....	15	
Jack Milovitz.....	do.....	15	
Jack Garich.....	do.....	15	
Micky Garich.....	do.....	15	
Henry DeByrne.....	do.....	15	
John Boila.....	do.....	15	
Mike Ungurjan.....	do.....	15	
T. F. Sauerwine.....	do.....	15	
John Majorcas.....	do.....	15	
Joe Nado.....	do.....	15	
John Parasco.....	do.....	15	
Frank Markovanoviz.....	do.....	15	
John Juhasz.....	do.....	15	
Stanley Wojcik.....	do.....	15	
Sam Metalin.....	do.....	15	
Mike Worsph.....	Kentucky, eastern.....	15	
Freddy Newsome.....	do.....	15	
Mae Newsome.....	do.....	15	
Ellis Newsome.....	do.....	15	
Gaza Barbas.....	do.....	15	
Sam Isom.....	do.....	15	
Booton Moore.....	do.....	15	
George Moore.....	do.....	15	
David Fugate.....	do.....	15	
Harve Stidham.....	do.....	15	
Hiram Francis.....	do.....	15	
Filmore Hall.....	do.....	15	
Jim Rowe Mullins.....	do.....	15	
Democrat Mullins.....	do.....	15	
Meth Hoffman.....	Ohio, northern.....	15	
Geo. Dolly.....	do.....	15	
Will Kern.....	do.....	15	
Mike Kovacic.....	do.....	15	
Frank Markovich.....	do.....	15	
Geo. H. Pope.....	do.....	15	
Mike Zivkovich.....	do.....	15	
Gligor Wadenoff.....	do.....	15	
Joe Bellitz.....	do.....	15	
Sendor Popov.....	do.....	15	
Geo. Kosic.....	do.....	15	
Joe Kramer.....	do.....	15	
Peter Uryalush.....	do.....	15	
John Mulch.....	do.....	15	
Geo. Radulovich.....	do.....	15	
Blago Santos.....	do.....	15	
Stoyan Mislevich.....	do.....	15	
Simon Pecurer.....	do.....	15	
Mike Krznir.....	do.....	15	
Mat Nekich.....	do.....	15	
Edward Szemon.....	do.....	15	
Samuel Benning.....	do.....	15	
Joe Halerga.....	do.....	15	
Arthur Moldovan.....	do.....	15	

*Indictments—Continued.*

Case.	District.	Section.	Charge and disposition.
Jim Popov	Ohio, northern	15	
Louis Broth	do.	15	
Pete Snyder	do.	15	
Jim Nesbit	do.	15	
Sam Cherkez	do.	15	
John Bada	do.	15	
Blagoja Zivkovic	do.	15	
Nathan Berman	do.	15	
Mike B. Gaber	do.	15	
Fred Dangel	do.	15	
Mike Majarek	do.	15	
Vose Stanich	do.	15	
Mike Wisberger	do.	15	
Mike Perich	do.	15	
Joe Ristick	do.	15	
Geo. Hagaduck	do.	15	
John Popa	do.	15	
Joe Shiro	do.	15	
Steve Vaso	do.	15	
Ignatius Szalath	do.	15	
Geo. Duich	do.	15	
John Kontus	do.	15	
John Budich	do.	15	
Veso Nesic	do.	15	
Nick Topan	do.	15	
Geo. Podorf	do.	15	
Louis Popovich	do.	15	
Geo. Mile	do.	15	
John Marzndst	do.	15	
Alex Sawicki	do.	15	
Frank Flack	do.	15	
Vladar Matich	do.	15	
Sandor Grobotech	do.	15	
John Brozich	do.	15	
Frank Boyle	do.	15	
August Kuznik	do.	15	
Frank Lunac	do.	15	
Joseph Huyber	do.	15	
John Brtuc	do.	15	
John Bogalin	do.	15	
John Utean	do.	15	
Alex Pola	do.	15	
Edward Kiss	do.	15	
Nick Ritter	do.	15	
Dan Opria	do.	15	
Nicholas Miller	do.	15	
Mike Bilash	do.	15	
Alex Niagu	do.	15	
Pete Clon	do.	15	
Dan Chuso	do.	15	
Louis Persko	do.	15	
Pop Paskw	do.	15	
Mike Lichar	do.	15	
Julius Buchman	do.	15	
Anthony Wolf	do.	15	
Herman Zander	do.	15	
Nick Tony	do.	15	
John Pleasa	do.	15	
John Kelleman	do.	15	
Laga Grulich	do.	15	
Pete Bogadn	do.	15	
Chas. Urdea	do.	15	
Mike Bellek	do.	15	
John Augery	do.	15	
John Toder	do.	15	
Mike Millick	do.	15	
Isiah Bollinger	do.	15	
Mike Bercit	do.	15	
Chas. Bosnar	do.	15	
George Kanlhan	do.	15	
Joseph Brdar	do.	15	
Mike Juorovich	do.	15	
Frank Bukovac	do.	15	
Dan Opritzo	do.	15	
Gaspan Herwatwitch	do.	15	
Mia Shauket	do.	15	
John Nasic	do.	15	
Sam Polop	do.	15	
Mike Damion	do.	15	
John J. Smrekar	do.	15	
Gilsha Vladosich	do.	15	
Joe Petrich	do.	15	

## Indictments—Continued.

Case.	District.	Section.	Charge and disposition.
Joe Mandol.....	Ohio, northern.....	15	
John Godnjvec.....	do.....	15	
Jos. Tomicln.....	do.....	15	
John Gretten.....	do.....	15	
John Racatain.....	do.....	15	
Lucin Vasalle.....	do.....	15	
George Peretich.....	do.....	15	
John Drogos.....	do.....	15	
Andy Slofky.....	do.....	15	
John Panlo.....	do.....	15	
Demeter Baykan.....	do.....	15	
John Baykan.....	do.....	15	
Joe Zokich.....	do.....	15	
Mary Zokich.....	do.....	15	
George Zulack.....	do.....	15	
Mary Zulack.....	do.....	15	
Joe Milosevich.....	do.....	15	
Frank Sinkovec.....	do.....	15	
Andy Gust.....	do.....	15	
Charles Brown.....	do.....	15	
Lillian Fellin.....	do.....	15	
Elizabeth St John.....	do.....	15	
Louis Horwatincien.....	do.....	15	
Fabian Horwat.....	do.....	15	
Vincent Walcak.....	do.....	15	
Pete Charkowsky.....	do.....	15	
James Jones, Jeff Jones.....	Kentucky, eastern.....	15	
Red Joe Blanton, G. W. Lindsay.....	do.....	15	
N. D. Rice.....	do.....	15	
Mrs. John Henry Sasser.....	do.....	15	
C. A. Nolan.....	do.....	15	
James McFadden.....	do.....	15	
Babe Rogers.....	do.....	15	
Lee Paris (alias Shorty Dunn).....	do.....	15	
Robert Hamlin.....	do.....	15	
Tom Gregory (alias Tom Cat Gregory).....	do.....	15	
Ida Woods.....	do.....	15	
Mat. Young.....	do.....	15	
Henry Hibbard.....	do.....	15	
Pleas Philpot.....	do.....	15	
Henry Williams.....	do.....	15	
Crit Thomas.....	do.....	15	
Simon Blanton, John Blanton.....	do.....	15	
James Hale.....	do.....	15	
Jeff Taylor.....	do.....	15	Jury trial. Verdict, not guilty.
John Mullins.....	Virginia, western.....	15	
Homer Crawford.....	do.....	15	
Floyd Nash.....	do.....	15	\$500 bond.
Henry D. Bates.....	do.....	15	\$300 bond.
D. E. Gouge, Jno. Robinson.....	do.....	15	
Willie Hancock, R. E. Mitchell.....	do.....	15	Each held, \$300 bond.
Amen Chester.....	do.....	15	
Fayette Johnson.....	do.....	15	
Homer Townsel.....	do.....	15	
J. D. Ruffner.....	do.....	15	
Cleim Murphy.....	Alabama, middle.....	15	
Jack Hill.....	do.....	15	Not guilty.
Hilliard Fuller, Claudie Fuller.....	do.....	15	
Ernest Vinson.....	do.....	15	Do.
Dallas McLemore.....	do.....	15	
Hiram Walker.....	do.....	15	
Carl Ferrero.....	Illinois, southern.....	15	
Phillip Abramoric.....	do.....	15	
Tony Zagar.....	do.....	15	
Charles Banta.....	Oklahoma, western.....	15	
Joe W. Lorton.....	do.....	15	
W. P. Anthony.....	do.....	15	
Willie Jordan, Ollie Enix.....	Kentucky, eastern.....	15	Alias capias. Closed as to Enix.
John Henry Addington.....	do.....	15	
Dave Sexton, Charlie Harris.....	do.....	15	Closed as to Sexton.
Coleman Osborne, Morgan Osborne.....	do.....	15	
Brice Green.....	do.....	15	
Joe Landrum, Harles Campbell, George Roberts.....	do.....	15	
Frazier Stubblefield.....	do.....	15	
Dave Williams, Ben Sparkman.....	do.....	15	
Harve Stidham.....	do.....	15	
Hiram Francis.....	do.....	15	
Filmore Hall.....	do.....	15	



*Indictments—Continued.*

Case.	District.	Section.	Charge and disposition.
William Mullins.....	Kentucky, eastern.....	15	Nolle prosequi on account of death of defendant.
John Engle, John Baker.....	do.....	15	
Nathan Engle.....	do.....	15	
Joe Vanover, Bijah Baker.....	do.....	15	
Ira Kilburn.....	do.....	15	
Tom Gorman.....	do.....	15	
Sam Fields.....	do.....	15	
Geo. W. Morgan (alias Geo. W. Rice).....	do.....	15	
Charles Jesus Beusemento.....	Florida, southern.....	15	
Eddie Mason.....	do.....	15	
Council Mobley.....	do.....	15	
B. Gandy Smith.....	do.....	15	
Tomas Gonzales.....	Texas, western.....	15	
Ramon Garza.....	do.....	15	
Eula Clayton.....	Alabama, northern.....	15	
Dave Patton.....	Washington, western.....	15	
C. C. Caswell.....	do.....	15	
William Pirtle.....	do.....	15	
Charles Lang.....	do.....	15	
A. S. Morehead.....	do.....	15	
Mrs. Ella McNeil, Stella Johnson.....	do.....	15	
Harold Olson.....	do.....	15	
J. W. Payton, Mrs. J. W. Payton, L. A. Dusterhoft.....	do.....	15	
Nick Pappas.....	do.....	15	
Henry Sol.....	do.....	15	
Emil Pincin.....	do.....	15	
L. A. Hankins.....	do.....	15	
Fred Luzon.....	do.....	15	
Bob Smith.....	do.....	15	
Steve Shavley.....	do.....	15	
Michel Laconto.....	do.....	15	
Tony Dingello.....	do.....	15	
H. A. Brown.....	Florida, southern.....	15	
Sam M. Spivey, L. M. Fry, and L. O. Brintnall.....	do.....	15	
John Lewis.....	do.....	15	
Jim Small.....	do.....	15	
Maggie Green, James Green, George Green.....	do.....	15	
Ward Roberts.....	do.....	15	
Alfred Weisen, Ben Green.....	do.....	15	
A. C. Aldrich, R. A. Carlton.....	do.....	15	
Geo. Bailey.....	do.....	15	
Ned Brown.....	do.....	15	
Jim Bowen.....	do.....	15	
Jess Williams.....	do.....	15	
Grant Timmons, Lizzie Timmons, Willie Timmons.....	do.....	15	
Moody Timmons.....	do.....	15	
Lonnie Edenfield.....	Georgia, southern.....	15	
Gus Greer, Henry Greer.....	do.....	15	
Louis Clay.....	do.....	15	
H. D. Leonard.....	do.....	15	
Tom Sharp, Cliff Bryant.....	do.....	15	
Lottie McLean.....	do.....	15	
Dave Brown.....	do.....	15	
Jim Odom, Marion Odom.....	do.....	15	
Charlie Taylor, Jim Nealos.....	do.....	15	
Nelse Highley.....	do.....	15	
A. H. Taylor.....	do.....	15	
Sheppard Mack.....	do.....	15	
A. M. Warlick.....	do.....	15	
Robert Flickenstein, John Flickenstein.....	do.....	15	
C. W. Simpson, W. R. Wood, Ben Dumas.....	do.....	15	
A. A. O'Neal.....	do.....	15	
Dave McGriff.....	do.....	15	
Alex Blue.....	do.....	15	
Tom Hunter.....	do.....	15	
Allen Kemp.....	do.....	15	
Geo. Sirmans.....	do.....	15	
Abe Hewett.....	do.....	15	
John Parker.....	do.....	15	
James Harleman, Bob Harleman.....	do.....	15	
Geo. Washington Freeman.....	do.....	15	
Charlie Coney.....	do.....	15	
S. C. Middlebrooks.....	do.....	15	
John Reed.....	do.....	15	

*Indictments—Continued.*

Case.	District.	Section.	Charge and disposition.
Tom Ruff.....	Georgia, southern.	18	
Walter Smith, Frank Bailey.....	do.	18	
Lawrence Whitehurst.....	do.	18	
A. B. Moon.....	do.	15	
Quill Ivory, Pig Massey.....	do.	18	
Bob Holsenback.....	do.	18	
Hamp Parks, Willie Wright.....	do.	15	
Tom Tuff.....	do.	15	
Lucius Shewmake.....	do.	18	
Grover Scarborough.....	do.	18	
Hattie Lanier.....	do.	18	
James Lawrence.....	do.	18	
Ed Ratliff, Henry H. Ratliff.....	do.	15	
Will Reed.....	do.	15	
A. J. McCook.....	do.	15	
Milledge Gates, Phillip Smith.....	do.	15	
Jinks Wright, Phillip Smith.....	do.	15	
Spurge Ray.....	do.	15	
Alonzo Brazile, Jordan Brazile.....	do.	15	
Ben Morris.....	do.	15	
Geo. Tillman.....	do.	15	
Henry Williams.....	do.	15	
Howard Watson.....	do.	15	
Hilyard Hampton.....	do.	15	
Wallace D. Reese, L. L. Thomas.....	do.	18	
Charlie Mahaffey, Bob Heaton, Wado Marks, Tom Childs (Gools- by).....	do.	15	
Willie Hearn, Randall Holloway, Reuben Bebee, Richard Smith.....	do.	15	
Lenus Hunnicutt.....	do.	18	
Fayette Morgan.....	do.	15	
Sam Mercer, Dena Mercer, L. J. Watts.....	do.	15	
Ed Christmas.....	do.	15	
Wade Frazier.....	do.	15	
John Thomas.....	do.	15	
Harvey Blackwell, Jim Binford.....	do.	15	
Albert Morneauult.....	Maine.	15	
Amos Marquis.....	do.	15	
James B. McGinn.....	do.	15	
Beecher McIntyre.....	do.	15	
Milos Prodich.....	Wisconsin, eastern.	15	
Amos Allison.....	do.	15	
D. A. Allison.....	do.	15	
Shep Alread.....	do.	15	
Sam Boyer, Elton Stanley.....	Georgia, southern.	15	
Henry Carr, George Carr.....	do.	15	
Charlie Farris, alias Farrirs.....	do.	15	
Walter Bryant, Wm. Reid, Wash- ington Reid, Ed Young, alias Byrd.....	do.	18	
Ella Blackshear.....	do.	15	
Beulah Allen.....	do.	15	
Charlie Adside.....	do.	15	
Jim Beasley.....	do.	15	
R. B. Bailey.....	do.	15	
Felix Mintz.....	do.	15	
Jim Williams.....	do.	15	
Jim Wilson, alias Jim Williams.....	do.	15	
T. E. Hubbard.....	Georgia, northern.	15	
Jas. Kirkendale.....	do.	15	
F. L. Rylee.....	do.	15	
Norman Tipton.....	do.	15	
R. M. Everett.....	do.	15	
James Garrett.....	do.	15	
J. Frank.....	do.	15	
Florence Minter.....	do.	15	
Charles Shell.....	do.	15	
John Daniel.....	do.	15	
Dave Carter.....	do.	15	
James Harris.....	do.	15	
James Hill.....	do.	15	
Julius Hill.....	do.	15	
Sam Hill.....	do.	15	
Pearl Campbell, Tray Campbell.....	Kentucky, eastern.	15	
Bessie Wilkins, Benjamin Wilkins.....	do.	15	
Civilo Sandoval.....	California, southern.	15	
Domingo Rodriguez.....	do.	15	
Anton Borrese.....	Wisconsin, eastern.	15	
Henry Thorau.....	do.	15	
Nick Salaja.....	do.	15	
Louis Schinsky.....	do.	15	

## Indictments—Continued.

Case.	District.	Section.	Charge and disposition.
Martin Chednik .....	Wisconsin, eastern .....	15	\$1,000 bond; defendant in State penitentiary serving sentence.
John Glowczynski .....	do. ....	15	
Joseph Kunert .....	do. ....	15	
John Monstorovich .....	do. ....	15	
Mike Stupar .....	do. ....	15	
J. G. Eslinger .....	New Mexico .....	15	
L. Philip Tremblay .....	Maine .....	15	
Do .....	do. ....	15	
Jos. F. Theriault .....	do. ....	15	
Do .....	do. ....	15	
Fred Charette .....	do. ....	15	
Peter P. Clair .....	do. ....	15	
Raymond Clarke .....	do. ....	15	
Dolor J. King .....	do. ....	15	
Joseph Paradis .....	do. ....	15	
Frank Miner .....	do. ....	15	
Ernest J. Ayotte .....	do. ....	15	
George Bretton .....	do. ....	15	
Alec Frasier .....	do. ....	15	
Do .....	do. ....	15	
Alvin C. Randall .....	do. ....	15	
Fred Jamison .....	do. ....	15	
Alfred Levesque .....	do. ....	15	
Jason Dobeon .....	Kentucky, eastern .....	15	
Noah Bowling .....	do. ....	15	
Ballard Coburn .....	do. ....	15	
Kelly Bowling .....	do. ....	15	
J. E. Fugate .....	do. ....	15	
Barlow Shepherd .....	do. ....	15	
Brice Green .....	do. ....	15	
William Page .....	do. ....	15	
Sam Roberts .....	do. ....	15	
Clabe Shrot .....	do. ....	15	
Ed. Williams .....	do. ....	15	
Jno. H. Williams .....	do. ....	15	
Tom Williams .....	do. ....	15	
Annanas Chaney .....	do. ....	15	
Marion Adkins .....	do. ....	15	
Gilbert Dutton .....	do. ....	15	
Coleman Tuckash .....	do. ....	15	
A. E. Smith .....	do. ....	15	
Cue Gayheart .....	do. ....	15	
Andy Wilson Shepherd .....	do. ....	15	
Candad Ritchie .....	do. ....	15	
Elliott Cress .....	do. ....	15	
Grover Smith .....	do. ....	15	
Charley Vanover .....	do. ....	15	
Lewis Thornberry .....	do. ....	15	
Wib Thornberry .....	do. ....	15	
Ben Thomas .....	do. ....	15	
Dave Williams .....	do. ....	15	
Jim Short .....	do. ....	15	
Will Williams .....	do. ....	15	
Boney Thomas .....	do. ....	15	
A. M. Wilder .....	Florida, southern .....	15	
Frank Coar .....	do. ....	15	
Addison Misner .....	do. ....	15	
Lawrence Russell .....	do. ....	15	
Walter McCook .....	do. ....	15	
Guadaloup Neabes .....	do. ....	15	
Jose D. Oliveria .....	do. ....	15	
William Albury .....	do. ....	15	
Frank Austin .....	do. ....	15	
J. D. Wilson, sr. ....	do. ....	15	
Andrew Znearsic .....	Ohio, northern .....	15	
Josephine Znearsic .....	do. ....	15	
Steve Mikulin .....	do. ....	15	
Alex Janess .....	do. ....	15	
Joseph Groh .....	do. ....	15	
Mike Borovitch .....	do. ....	15	
Milan Sokulich .....	do. ....	15	
Steve Dienes .....	do. ....	15	
John Simodics .....	do. ....	15	
Nicholas Carrelli .....	do. ....	15	
Julius Horwath .....	do. ....	15	
Emery Hagybell .....	do. ....	15	
Mike Kusic .....	do. ....	15	
Mike Dudas (alias Duffy) .....	do. ....	15	
L. Tackach .....	do. ....	15	
Keon Potter .....	Kentucky, eastern .....	15	
Phil Luster .....	do. ....	15	

*Indictments—Continued.*

Case.	District.	Section.	Charge and disposition.
Wils Campbell.....	Kentucky, eastern.....	15	
Fielding Wireman.....	do.....	15	
Cooney Anderson.....	do.....	15	
Verlin McPeak.....	do.....	15	
Tom Anderson.....	do.....	15	
Isaac Potter.....	do.....	15	
Shade Potter, jr.....	do.....	15	
Kelly Bolin.....	do.....	15	
Ballard Cobrun.....	do.....	15	
J. R. Shepherd.....	do.....	15	
Toby Terry.....	do.....	15	
Martin Patrick, jr.....	do.....	15	
John Terry.....	do.....	15	
Tanner Lovans.....	do.....	15	
Allen Honeycutt.....	do.....	15	
Andy Wilson Shepherd.....	do.....	15	
Beekham Dobson.....	do.....	15	
Coett Dobson.....	do.....	15	
Calvin David.....	Florida, southern.....	15	
Willie Dartis.....	do.....	15	
Frank Vann.....	do.....	15	
J. I. Watson.....	do.....	15	
Decosta West, Willie Hicks.....	do.....	15	
Sylvester Bradford.....	do.....	15	
Clarence Brown.....	do.....	15	
J. M. Carr.....	do.....	15	
Tom Robinson.....	do.....	15	
Will Robinson.....	do.....	15	
Jose Santana.....	do.....	15	
Mann Smith.....	do.....	15	
W. H. Snow.....	do.....	15	
Jose Gonzalez.....	do.....	15	
Luther Hopkins.....	do.....	15	
Jose Anorjo.....	do.....	15	
William Austin.....	do.....	15	
Frank Bolden.....	do.....	15	
George Allen.....	Kentucky, eastern.....	15	
John M. Allen.....	do.....	15	
Bryant Francesco.....	do.....	15	
Sila Case.....	do.....	15	
Geo. Hubbard.....	do.....	15	
Sallie Rose.....	do.....	15	
Jennie Rose.....	do.....	15	

## GEORGIA—JOHN A. MANGET, FAIR-PRICE COMMISSIONER.

Extent of organization: Very complete.

Despite howls about advancing prices by enemies of the administration there is steady decline in a large majority of necessities; with single exception of advance in coal to cover increased wages paid miners every change in prices in Georgia for 60 days has been a reduction.

Reductions achieved: Georgia Fair Price Commission has fixed fair margin profits on following lines: Groceries, stock feed, dairy products, men's and boys' clothing, shoes—wholesale and retail—women's ready to wear garments—wholesale and retail—dry goods, druggists' prescriptions. To-day fixed maximum profit on coal delivered to consumers. Merchants generally cooperating. Have had only two lines to fight control, and they have been whipped into line; only one prosecution ordered in eight months. Operation commission now selling direct to consumers 25,000 pounds fresh fish weekly at one-fourth prices charged by dealers. There is no profiteering in Georgia except from rent-hog landlords, and we are preparing to fight them. If Congress orders investigation sugar matter, would like to inform committee few facts then prevailing in Georgia. Think, however, only political boomerang. Notify Palmer we had sugar famine here. Happy report fully 50 per cent reductions in many clothing lines from Georgia retailers. Foodstuffs constantly and satisfactorily working to lower levels. Begin now to fix prices for manufactures; sending front page press reports.

Monthly cost: The work throughout the State is estimated at \$2,000 per month, all of which is borne by John A. Manget, nothing being charged to the Department of Justice.

## MISSISSIPPI—THOMAS J. LOCKE, FAIR-PRICE COMMISSIONER.

Extent of State organization: Seventy-six out of 82 counties in Mississippi have been organized with active local fair-price committees, the remaining 6 counties being interior districts tributary to surrounding organized counties.

Reductions achieved: Groceries, 10 per cent; clothing, shoes, and hats, approximately, 25 per cent; dry goods, approximately 25 per cent. Method used in securing cooperation of business lines regulated and planned cooperation pursued: Upon the organization of local fair-price committees merchants in respective localities were invited before the committees, they being assured that it was the desire of the committees to cooperate with them, and asking for their counsel and cooperation looking to the fixing of margins of profit and prices mutually fair to the merchant and consumer. In order to secure information and reliable data upon which to base intelligent calculations of mutual fair prices, questionnaires covering various lines of necessities were furnished merchants, with the request that they fill in, sign, and return. These questionnaires asked for original cost price, freight or express, war tax, and overhead operating expenses for the year 1919, and for the retail selling price. When the data thus secured were compiled, digesting all other available data, taking into consideration varying local conditions throughout the State and arriving at a definite average overhead expense, the commissioner then fixed and promulgated margins of profit and retail and wholesale prices on different lines of merchandise and some specific commodities, with notice to the merchants that replacement values, in the commonly accepted meaning of that term, was not to be considered, but that the question of replacement value could be taken care of by a system of pro rating selling prices on articles purchased by the merchant at varying prices.

Remarks: Commissioner Locke states that he has the hearty cooperation of 85 per cent of the State and that the public has been saved thousands of dollars. His office is daily receiving communications conveying congratulations and expressions of gratitude. He says the people are just beginning to become interested, because they are learning the proper prosecution of the work means benefit to them. Assistance from various parts of the State is constantly being offered. All labor organizations in the State have indorsed and are cooperating in the work.

Monthly expense, \$300.

#### MISSOURI—LAWRENCE M'DANIEL, FAIR-PRICE COMMISSIONER.

Extent of organization: All of the large counties in Missouri have been organized. Committees composed of men and women, as outlined by your department, have been active wherever a committee was needed, or wherever there was a demand for a committee. I would consider Missouri well organized in this respect.

Reductions achieved: It is estimated by the St. Louis committee that they saved the people of the city of St. Louis and the surrounding territory during a period of six months \$1,000,000 on sugar; that in other lines the saving was \$1,500,000, making a total saving to the consumer in the territory served by the St. Louis merchants of \$2,500,000. Savings throughout the State in proportion.

Cooperation: Cooperation of the business lines regulated was obtained by appointing on the committee reliable, honest, and conscientious business men dealing in the class of goods regulated, who worked conscientiously to effect reductions in prices and to keep prices from advancing.

Monthly cost, \$103.

#### KANSAS—ED. T. HACKNEY, FAIR-PRICE COMMISSIONER.

Extent of organization: Ninety counties organized with committees of nine persons on each committee, all elements of the population being represented.

Reductions achieved: The work of these committees has had a splendid effect in retarding the prices and of relieving honest merchants from the charge of profiteering.

Cooperation: They have had meetings with the merchants in their various counties, have gone into the question of prices, have insisted on the advertisement of retail prices that the people might have the chance to compare the several stores handling the same line of goods. Your commissioner has met with the various associations representing retail trade and has presented the necessity for better methods in retailing for an appreciation of the fact that they were in business for all time and it was their duty to be advisors to their customers and have general honesty and professional spirit toward their business.

Monthly cost, \$110.

#### SOUTH CAROLINA—HAROLD C. BOOKER, FAIR-PRICE COMMISSIONER.

Our total expenses are \$100 a month. I have not put in any per diem for myself and I do not expect to. I have found it extremely difficult to get any cooperation in South Carolina. Most of the people are too busy making money it seems to fool with the attempt to reduce the cost of living. It is hard to get county committees to serve because of the lack of even expense money. However, we are making some headway.

I have requested from Mr. Otts the services of a special agent and sincerely hope that I will be able in securing one. I hope to have a meeting of the State-wide fair price commission within the next 10 days.

ARKANSAS.—HAMP WILLIAMS, FAIR PRICE COMMISSIONER.

Extent of organization: Has a splendid organization, 85 per cent of counties organized, and in most counties the women have organization already.

Reductions achieved: Fair Price Commissioner Williams is unable to state just exactly what percentages of reductions have been achieved, but states that the effect of the campaign has been most excellent in retarding the upward tendency of prices and that if the actual saving to all people could be computed it would run into large figures.

Monthly cost, \$400 exclusive of traveling expense.

IOWA.—HORACE G. LARIMER, FAIR PRICE COMMISSIONER.

Extent of organization: Large cities and industrial centers are well organized and commissions composed of 8 to 10 competent men and women are assisting materially in the work.

Reductions achieved: Meats show a reduction in retail price throughout the greater part of Iowa of 12 to 14 per cent. Shoes under ruling of averaging of costs and denying the privilege of selling on replacement value 15 per cent. Men's clothing and furnishings under the same ruling shows a saving to the consumer of not less than 14 per cent. Women's and children's wearing apparel because of like ruling not less than 15 per cent. Ruling not allowing sugar to be sold by jobber on basis of replacement value has, owing to the fact that large quantities of sugar is now coming into the State on old contracts at \$12.50 to \$13 per 100 pounds, saved the people of Iowa a vast sum. Complete data can not, owing to insufficient help, be given at this time.

Cooperation: The wholesale and retail interests in eleven of the larger cities in Iowa have gone on record in meetings held at their respective chambers of commerce indorsing the work and plan. They are giving full cooperation. The plan of the government has been indorsed and approved by nearly every large state-wide organization of retailers and distributors in Iowa. Throughout Iowa the merchants are nearly unanimous in the policy of retailing on basis of costs and not replacement value. This is saving a vast sum to the consumer. There is a noticeable lessening in the demand for extravagant and nonessential articles, and a decidedly conservative attitude on part of merchants in future buying.

Monthly cost, —.

MARYLAND.—WILLIAM KILLIAN, FAIR PRICE COMMISSIONER.

Extent of organization: Baltimore and all large centers organized.

Reductions achieved: Percentage of price reduction achieved, giving lines covered (Sept. 30 to Apr. 5). Cereals (12 varieties) decreased, per pound, 12 per cent. Dairy products (4 varieties) decreased per pound or dozen, 10½ per cent; canned goods (12 varieties) decreased per can, 11 per cent. Fresh produce (10 varieties) increased 35 to 40 per cent (seasonal products). Fruits (6 varieties) decreased per dozen, 8 per cent. Fruits, dried (9 varieties) decreased per pound, 8 per cent. Meats: Beef, per pound, decreased 15 per cent; veal, per pound, decreased, 15 per cent; pork, per pound, decreased 15 per cent; lamb, per pound, increased 3 per cent to 4 per cent; poultry (chicken, ducks, turkeys, and guineas, dressed) decreased per pound, 9 per cent; sausage, smoked and boiled meats (9 varieties), remained staple; no increase or decrease. Shoes, decreased 5 per cent to 10 per cent.

Cooperation: Fair Price Commissioner Killian has the cooperation of all responsible mercantile interests in his State. In some lines vigilance committees have been appointed. These committees stand ready if necessary to go into court as expert prosecuting witnesses in profiteering cases.

Monthly cost, \$710.

TENNESSEE.—LEE BROCK, FAIR PRICE COMMISSIONER.

Transcript of telegram received April 7: "We investigate fully the prices paid for goods selling price overhead expense volume of business done capital invested, per cent of profit on invested capital, public benefits in having all complaints promptly investigated and unjust charges refunded, greatest good comes from the moral effect of a vigilant committee in preventing excessive prices being charged; the fact that committee will act with promptness and will prosecute violators of the law keeps prices reasonable to the public."

## SEIZURES AND PROSECUTIONS UNDER FOOD CONTROL ACT BY COMMODITIES.

Eggs: 2,560 cases, 7,081 cases, 1,255 cases, 2,006½ cases, 782 cases, 1,999 cases, 4,000 cases, 697 cases, 6,136 cases, 3,500 cases, 1,055 cases, 3,650 cases, 1,155 cases, 8,400 cases, 2,800 cases, 46,062 cases, 3,900 cases, 600 cases, 628 cases, 200 cases, 725 cases, 1,790 cases, 547 cases, 988 cases, 700 cases; total, 103,216½ cases. 5,065,000 eggs, 2,372,000 eggs, 3,394,080 eggs, 4,222,800 eggs, 6,000,000 eggs; total, 21,053,880 eggs. 1,398 crates; 4,575 cases; 10,378 crates, 398 crates; total, 10,776 crates. 180,000 dozen.

Butter: 300,000 pounds, 220,614 pounds, 699,160 pounds, 64,900 pounds, 74,800 pounds, 9,760 pounds, 45,628 pounds, 12,200 pounds, 17,000 pounds; total, 1,444,062 pounds. 4,931 tubs, 1,913 tubs, 300 tubs, 2,792 tubs, 2,011 tubs; total, 11,947 tubs. 206 boxes, 104 boxes; total, 310 boxes. 214 kits.

Sugar: 2,308 pounds, 1,000 pounds, 900 pounds, 5,520 pounds, 4,745 pounds, 200,000 pounds, 109,900 pounds, 6,958 pounds, 4,500,000 pounds, 5,300,000 pounds, 13,000 pounds, 387,000 pounds, 100,000 pounds; total, 10,631,331 pounds. 110,200 pounds, 20,000 pounds, 30,415 pounds, 4,100 pounds; total, 10,796,046 pounds. 400 bags, 600 bags, 33 bags; total, 1,033 bags. 160 barrels, 150 barrels, 100 barrels, 2 barrels; total, 412 barrels.

Potatoes: 400 sacks, 308 sacks, 1,141 sacks, 325 sacks, 656 sacks; total, 2,830 sacks.

Cheese: 21,232 pounds, 34,686 pounds, 43,149 pounds; total, 99,067 pounds.

Poultry: 137,953 pounds, 20,000 pounds, 8,477 pounds, 43,464 pounds, 1,383 pounds, 51,736 pounds; total, 263,013 pounds. 66 barrels.

Fish: 10,926 pounds, 73,157 pounds, 50,065 pounds, 2,500 pounds, 66,218 pounds; total, 202,866 pounds. 920 pounds codfish.

Canned tomatoes: 320 cases, 100 cases, 3,319 cases, 4,295 cases, 1,961 cases; total, 9,995 cases. 52,056 cans.

Miscellaneous: 2,186 bags coffee, 16,335 bags flour, 50 sacks flour, 81,260 pounds salt, 10,272 cans baking powder, 4,080 cans beans, 887 cans corn, 7,320 cans corn, 20,280 cans peas, 15,600 cans sirup, 5,200 pounds meat, 5,200 pounds beef, 765,615 pounds dry salt pork, 2,926 cases salmon, 2,745 cases salmon, 6,000 pounds compound lard, 11,653 pounds pigs' ears, 461 boxes hog livers, 1,300,000 pounds bacon, 2 carloads apples, 3 carloads apples, 10,000 tons coke.

*Seizures and prosecutions under sections 6 and 7 food-control act.*

Commodity.	Owner.	District.	Disposition.
2,560 cases eggs.....	Alloway Bros.....	Tennessee, middle.....	Agreed eggs be released under supervision of attorney.
21,232 pounds cheese....	Armour & Co.....	California, southern.....	Placed on market under agreement.
7,081 cases eggs.....	do.....	do.....	Do.
11,653 pounds pig ears....	do.....	Kentucky, western.....	Held for October grand jury; court directed verdict, not guilty.
137,953 pounds miscellaneous poultry.	do.....	Minnesota, Duluth.....	Judge ordered bond on condition disposed of on retail market before Oct. 5, 1919.
214 kits butter, 4,931 tubs butter, 206 boxes butter, and 10,378 crates eggs.	Beatrice Creamery Co...	Pennsylvania, middle...	Bond taken and food released.
1,255 cases eggs.....	J. C. W. Bischoff.....	Tennessee, eastern.....	Authorized release under agreement.
10,926 pounds fish.....	Booth Fisheries Co.....	Kentucky, western.....	Held for grand jury; not pressed.
2,006½ cases eggs.....	Bowman & Co.....	Tennessee, middle.....	Willing eggs be sold under direction of attorney.
5,065,000 eggs.....	H. L. Brown & Co.....	Michigan, Detroit.....	Label discharged; eggs returned to owner under certain conditions.
782 cases eggs.....	H. C. Carbough.....	Tennessee, eastern.....	Bond taken from owner and eggs released.
600 bags sugar.....	T. N. Catrevas.....	Illinois, northern.....	Released on bond on condition to sell in accordance with Food Administration rules.
400 sacks potatoes.....	C. W. Chamberlain & Co.	Washington, western....	Dismissed.
2,308 pounds sugar.....	Joe Chastain.....	Georgia, northern.....	Pending.
1,999 cases eggs.....	Columbia Produce Co...	Tennessee, middle.....	150 cases released; others to be disposed of by attorney.
1,000 pounds sugar.....	C. E. Crawford.....	Georgia, northern.....	Pending.
4,000 cases eggs.....	Crenshaw Bros. Produce Co.	Florida, southern.....	Dismissed.

*Seizures and prosecutions under sections 6 and 7 food-control act—Continued.*

Commodity.	Owner.	District.	Disposition.
66 barrels poultry.....	W. Derm & Co.....	New Jersey.....	Further investigation.
461 boxes hog livers.....	East Side Packing Co....	Pennsylvania, eastern.....	To be disposed of before Sept. 28, 1919.
697 cases eggs.....	W. B. Foster & Co.....	Tennessee, eastern.....	Authorized release under agreement.
300,000 pounds butter and 2,372,000 eggs.	Fox River Co.....	Michigan, eastern.....	Court ordered early disposition.
6,136 cases eggs.....	R. C. Giles & Co. and others.	Tennessee, middle.....	Authorized release under agreement.
900 pounds sugar.....	J. H. Hardin.....	Georgia, northern.....	Judgment of condemnation.
100 barrels sugar.....	Heber Candy Co.....	Alabama, northern.....	Bond given and awaiting trial.
308 sacks potatoes.....	Herrett Bros.....	Washington, western.....	Dismissed.
1,141 sacks potatoes.....	Hohag Bros. & Rice.....	do.....	Do.
220,614 pounds butter and 3,393,080 eggs.	I. V. Horn & Co.....	New York, western.....	Hearing criminal charge continued.
5,520 pounds sugar.....	T. E. Hubbard.....	Georgia, northern.....	Bond providing sale of small quantities—11 cents.
4,745 pounds sugar.....	J. B. Hubbard.....	do.....	Do.
66,218 pounds frozen fish.	Johns Fish Co.....	Minnesota, Duluth.....	Still pending.
1,913 tubs butter and 398 crates eggs.	Jones Bros. Tea Co.....	Pennsylvania, middle.....	Bond taken and food released.
200,000 pounds sugar.....	C. D. Kenny Co. (Baltimore).	Ohio, northern.....	Released.
300 tubs butter.....	Chas. E. Kiewal.....	Minnesota, St. Paul.....	Bond required and butter ordered released and placed on retail market before Oct. 5, 1919.
3,500 cases eggs.....	Knapp & Stewart.....	Tennessee, eastern.....	Authorized release under agreement.
1,055 cases eggs.....	W. H. Lessly.....	do.....	Do.
920 pounds codfish.....	S. H. Levin & Son.....	Pennsylvania, eastern.....	Released under agreement to sell in limited time.
2,186 bags coffee.....	S. N. Long and J. Aron & Co.	Missouri, eastern.....	Label dismissed by attorney and food released.
3,650 cases eggs.....	Lawlar & Cravanaugh....	Tennessee, middle.....	Authorized release under agreement.
16,335 bags flour.....	Market Warehouse Co....	Massachusetts, Boston..	Label dismissed by attorney and food returned to owner.
325 sacks potatoes.....	H. J. Mignerey.....	Washington, western.....	Dismissed.
320 cases canned tomatoes.	Miller & Greenstein.....	Pennsylvania, eastern.....	Released under agreement to sell in reasonable time.
1,155 cases eggs.....	Morgan-Dickey Products Co.	Tennessee, eastern.....	Authorized release under agreement.
8,400 cases eggs.....	Morris & Co.....	Tennessee, middle.....	400 cases released for immediate consumption at fair profit; remainder disposed of under direction of attorney.
699,160 pounds butter and 4,222,800 eggs.	Jas. W. Mudgett.....	New York, western.....	Released.
2,800 cases eggs.....	Morris & Co.....	Tennessee, eastern.....	Do.
46,062 cases eggs.....	Mound City Ice & Cold Storage Co.	Missouri, eastern.....	Do.
73,157 pounds fish.....	Northern Fish Co.....	Minnesota, St. Paul.....	All fish seized and case still pending.
64,900 pounds butter....	Osborn & Hartmn Co....	Tennessee, western.....	Court to be asked by attorney on Sept. 6, 1919, to order sale.
74,800 pounds butter....	P. M. Dairy Co.....	California, southern.....	Placed on market under agreement.
24,686 pounds cheese.....	do.....	do.....	Do.
3,900 cases eggs.....	do.....	do.....	Do.
400 bags sugar.....	A. J. Pappas.....	Illinois, northern.....	Sold under consent; decree.
109,900 pounds sugar.....	Park, Grant & Morris....	North Dakota, Fargo....	After investigation sugar released.
600 cases eggs.....	Poultry Products Association.	California, southern.....	Placed on market under agreement.
6,958 pounds sugar.....	C. L. Quartermus.....	Georgia, northern.....	Released on bond, with conditions.
628 cases eggs.....	Rambo Simpson Co.....	Tennessee, eastern.....	Authorized release under agreement.
200 cases eggs.....	Reeves Bros. & Bowman.	Tennessee, middle.....	Owners willing eggs be sold under direction of attorney.
9,760 pounds butter.....	Rich Ice Cream Co.....	New York, northern.....	Released.
50,065 pounds fish.....	C. C. Robbins.....	Minnesota, Duluth.....	Case still pending.
180,000 dozen eggs.....	Rock Island Butter Co..	Michigan, eastern.....	Court released on agreement to sell immediately at reasonable profit.



*Seizures and prosecutions under sections 6 and 7 food-control act—Continued.*

Commodity.	Owner.	District.	Disposition.
52,056 cans tomatoes, 81,260 pounds salt, 10,873 cans baking powder, 4,080 cans beans, 7,320 cans corn, 20,280 cans peas, 15,600 cans sirup. 5,206 pounds meat.	Snow & Bryan.	Florida, southern	
45,628 pounds butter.	Henry Spats.	Kentucky, western	Held for October grand jury. Spats entered plea of guilty; fined \$100.
43,149 pounds cheese.	Swift & Co.	California, southern	Placed on market under agreement.
725 cases eggs.	do.	do.	Do.
765,615 pounds dry salt pork.	do.	New York, western	630,608 pounds sold to Italian Government; released.
20,000 pounds poultry.	do.	Michigan, eastern	Awaiting trial.
100 cases canned tomatoes.	do.	Pennsylvania, eastern	Released under agreement to sell in reasonable time.
3,319 cases canned tomatoes.	do.	do.	Do.
4,295 cases canned tomatoes.	do.	do.	Do.
2,926 cases salmon, 887 cases corn, 1,961 cases tomatoes, 2,745 cases salmon.	do.	Arizona	Directed to release under agreement.
2,500 pounds fish.	Guy Taylor.	Kentucky, western	Dismissed.
12,200 pounds butter.	Taylor Ice Cream Co.	New York, western	Released.
6,000,000 eggs.	A. F. Thibodeau.	Michigan, eastern	Court ordered disposition within 3 weeks and remainder to be disposed of within reasonable time.
1,790 cases eggs.	W. H. Tompkins & Co.	Tennessee, middle	1,200 cases eggs released and sold at reasonable profit; balance to be released at seasonable time and sold at fair profit.
4,500,000 pounds sugar.	Unknown.	Massachusetts	Investigation disclosed sugar awaiting export; vessel having been chartered; libel dismissed.
547 cases eggs.	H. J. West.	Tennessee, eastern	Authorized release under agreement.
656 sacks potatoes.	Western Produce Co.	Washington, western	Dismissed; potatoes returned to defendants.
6,000 pounds compound lard.	Jack White.	Tennessee, middle	Owner willing to sell hard at price named by attorney to local party.
958 cases eggs.	Winchester Produce Co.	Tennessee, eastern	Authorized release under agreement.
700 cases eggs.	Wolf & Rown (Savannah).	Tennessee, middle	Do.
490 boxes butter (17,000 pounds approximately).		Washington, eastern	Sold by agreement: 1,000 pounds, Sept. 5, 1919; 6,000 pounds, Sept. 11, 1919; remainder, Sept. 23, 1919.
205 boxes poultry (8,477 pounds approximately).		do.	Sold by agreement on market, Sept. 20, 1919; owners paying all costs.
1,013 boxes poultry (43,464 pounds).		do.	Sold by agreement on Sept. 22, 1919; owners paying all costs.
27 boxes roosters (1,383 pounds approximately) and 1,152 boxes poultry (51,736 pounds approximately).	Armour & Co.	do.	
5,200 pounds beef.		do.	Disposed of in retail butcher shops by agreement with owner.
1,300,000 pounds bacon.	Louis Leavitt.	New York, eastern	Indictment.
33 bags sugar and 2 barrels sugar.		New Jersey, Newark	Sold to public at 11 cents per pound.
2,792 tubs butter and 104 boxes butter.	J. A. Long Co.	New Jersey, Jersey City	Released; entered order of discontinuance.
50 sacks flour.	Jose Bermejo.	California, southern	Pleaded guilty; sentenced 3 months to county jail; fined \$250. July 7, 1919.
Sugar.	Hulett Merritt, California. Indicted Sept. 20, 1918; convicted Apr. 1, 1919.	do.	Found guilty hoarding sugar by jury; sentenced 5 months to county jail; fined \$5,000; appealed.

*Seizures and prosecutions under sections 6 and 7 food-control act—Continued.*

Commodity.	Owner.	District.	Disposition.
Sugar .....	Dunnivant & Hammer, indicted Sept. 20, 1918; trial set for Nov. 3, 1919.	California, southern.....	Charged boarding sugar; case set for trial; Ham- mer will plead guilty; dismissed.
160 barrels sugar.....	E. McClure.....	Georgia, northern.....	Sold by agreement.
1 barrel brown sugar (150 barrels approxi- mately).	J. F. Thompson.....	.....do.....	Do.
53,000 bags sugar (5,300- 000 pounds, approxi- mately).	Utah-Idaho Sugar Co....	Washington, eastern....	
130 sacks sugar (13,000 pounds, approxi- mately).	Lee Goon.....	Arizona .....	Sold under stipulation; party held for grand jury May, 1920.
2 carloads apples.....	.....	Ohio, southern.....	Sold by agreement.
3 carloads apples.....	.....	.....do.....	Do.
10,000 tons coke.....	Spokane Falls Gas Light Co.	Washington, eastern....	Do.
387,000 pounds sugar....	Nestle's Food Co.....	Wisconsin, Reedsburg ..	Released.
100,000 pounds sugar....	.....do.....	Wisconsin, Menomonee.	Do.
2,011 tubs butter and 1,398 crates eggs.	Pennsylvania.....	Pennsylvania, middle...	Food released; bond taken.
4,575 cases eggs.....	.....	Maine, Portland.....	Eggs restored to claimant.
110,200 pounds sugar....	.....	North Dakota.....	
4,100 pounds sugar.....	.....	New Jersey.....	Libel for condemnation filed.
20,000 pounds sugar....	.....	.....do.....	
30,415 pounds sugar....	.....	.....do.....	

*Arrests.*

Case.	District.	Section.	Charge and disposition.
John Burke.....	Maryland, Baltimore....	4	Held for grand jury; profiteering and deceptive practice in sugar. Dismissed.
Israel Greenberger and Harry Greenberger.	Pennsylvania, middle...	4	Held for grand jury; \$1,000 bail; conspiracy to restrict distribu- tion and exact excessive prices in sugar.
Gleason Hesson.....	Maryland.....	4	Held in \$300 bail; profiteering in meats. Dismissed.
Jacob Seigel. * (See Moon Co.)	.....		
Jacob J. Brodsky, Louis J. Gross, S. J. Gerber, and H. R. Gerber (Brodsky, Gross & Co.)	Illinois, northern.....	4	Section 4; sugar.
Alfred Hirsch, Bertram J. Hirsch, Leo J. Hirsch, and Samuel Wek- feld (Hirsch Bros. Co. (Inc.))	.....do.....	4	Do.
Jos. Shifris, Isidore Mones, H. Rosen (Star Wholesale Grocery Co.)	.....do.....	4	Do.
Christ. Kotsiakos, Geo. Ganas, and Harry Chipain (Imperial Wholesale Grocery Co.)	.....do.....	4	Do.
Jos. P. Hadesman, Jacob Hades- man, and Samuel Hadesman (Hadesman Bros. Co., Inc.)	Ohio, northern.....	4	Do.
A. L. Nichols, A. Landoff, and I. H. Johnson (Mallott Grocery Co.)	.....do.....	4	Do.
Geo. W. Sheppard, Daniel S. Straussheim (Sheppard-Strauss- heim Co.)	.....do.....	4	Do.
Herman Goldsmith.....	.....do.....	4	Do.
John F. Lalla, James J. Lalla, John A. Krupa, and Louis Stastny (John F. Lalla Co.)	.....do.....	4	Do.
J. E. Jones.....	Alabama, northern.....	4	Sugar; held for grand jury; \$1,000 bond.
Sigmund Wolfe.....	Pennsylvania, eastern...	4	Sugar; held for grand jury; \$2,000 bail.
C. E. Herbert.....	Virginia, eastern.....	6	Sugar; held for grand jury.
E. S. Stubbs.....	.....do.....	4	Sugar.
Abraham Brooks.....	New York, eastern.....	4	Do.
Harry Zeigler.....	.....do.....	4	Sugar; \$1,000 bail.
Max Halperin.....	.....do.....	4	Do.
Geo. L. Dowd, Benj. Block, L. F. Adams (Pittsburgh Sugar Co.)	Pennsylvania, western..	4	Sugar; gave bail for May term.
Fred W. Hockenberry.....	.....do.....	4	Do.

## Arrests—Continued.

Case.	District.	Section.	Charge and disposition.
Mr. D. H. Joseph, Mrs. D. H. Joseph.	Ohio, northern.....	4	Sugar (brown).
John F. Kefron.....	do.....	4	Do.
C. R. Keller.....	do.....	4	Do.
John Look.....	South Dakota, Sioux Falls.	4	Meats; held in \$500 bail, April term.
Harry Perlot et al.....	Pennsylvania, eastern.....	4	Sugar.
H. L. Bowen.....	Texas, eastern.....	4	Sugar; \$500 bond.
Isaac Simmons.....	Texas, western.....	4	Held for grand jury.
Fernando Chapa.....	do.....	4	
Dionisio Chapa.....	do.....	4	
Chas. W. Miller.....	Pennsylvania, western.....	4	Sugar.
R. B. Hickman.....	Texas, northern.....	4	Wood; held for grand jury.
Frank Coletti.....	do.....	4	Sugar.
A. G. Wooten.....	do.....	4	Do.
Jess Willard.....	Kansas, Kansas City.....	4	Profiteering in fuel.
L. A. Puckett.....	North Carolina, western.....	4	Meat.
E. B. Machen.....	South Carolina, western.....	4	Sugar.
E. C. Kurtz.....	do.....	4	(?)
F. E. Patterson.....	Tennessee, middle.....	4	Sugar.
W. T. Blake.....	do.....	4	Do.
R. A. Taylor.....	do.....	4	Do.
Clark Fox.....	do.....	4	Do.
Charles Oser.....	do.....	4	Do.
Forest Graham.....	Tennessee, middle.....	4	Meat.
Nick Lahart.....	do.....	4	Do.
E. C. Fox.....	do.....	4	Do.
Howell Warner.....	do.....	4	Do.
R. Fehr.....	do.....	4	Do.
R. H. Oliver.....	do.....	4	Do.
W. R. Bruce.....	do.....	4	Do.
John Newhoff.....	do.....	4	Do.
Chas. Laitengergen.....	do.....	4	Do.
John Schrimp.....	do.....	4	Do.
Eugene Cate.....	do.....	4	Do.
Geo. Enghaus.....	do.....	4	Do.
A. Wehrenberg.....	do.....	4	Do.
Chas. Spinks.....	New York, northern.....	15	
Robert Johnson.....	do.....	15	
Howard Devins.....	do.....	15	
Jos. A. Caron.....	do.....	15	
Alphonz J. Dufort.....	do.....	15	
V. Marrone & Co.....	do.....	15	
L. E. Eckert.....	Oregon, Portland.....	4	Sugar.
Peoples Sugar Co.....	Utah.....	4	Do.
Jesse Hyman.....	Mississippi, southern.....	4	Do.
B. Hyman.....	do.....	4	Do.
Eric Norquist.....	do.....	4	Do.
W. I. Pickens.....	do.....	4	Do.
W. L. Huntington.....	do.....	4	Do.
Alpha Bowen.....	West Virginia, southern.....	4	Do.
R. L. Foil.....	North Carolina, western.....	4	Do.
B. R. Leatherman.....	Texas, eastern.....	4	Profiteering in sugar.
Webb Rogers.....	do.....	4	Do.
R. S. Mathews.....	do.....	4	Do.
J. H. Green.....	do.....	4	Do.
M. Sculley.....	do.....	4	Do.
W. W. Williamson.....	do.....	4	Do.
Nelson Seeber.....	do.....	4	Do.
John A. McDonald.....	do.....	4	Do.
Henry Williamson.....	do.....	4	Do.
T. L. Palmer.....	do.....	4	Do.
Joe Shaver.....	do.....	4	Do.
F. Van Warner.....	Texas, southern.....	4	Do.
Mitchell Choueka.....	do.....	4	Do.
Louis Schembre.....	do.....	4	Do.
G. W. Lambert.....	Texas, northern.....	4	Do.
Murphy Ylackett.....	do.....	4	Do.
S. D. Spitalny.....	Arizona.....	4	Do.
Nicolas Perez.....	do.....	4	Wood.
Dennis Wm. Frenchman.....	do.....	4	Do.
Trinidad Duran.....	do.....	4	Do.
Louis Stewart.....	New Mexico.....	-----	Profiteering in drugs.
N. A. Gammon (manager Lordsburg Mercantile Co.).....	do.....	4	Profiteering in sugar.
Otis S. Jones (manager Watson's Cash Grocery).....	do.....	4	Do.
Soo Hooven.....	do.....	4	Do.
William P. Hill.....	do.....	4	Do.
Depot Cash Market.....	Massachusetts.....	4	Do.

*Arrests—Continued.*

Case.	District.	Section.	Charge and disposition.
Mrs. E. E. Young (president) William J. Mahood (vice president), John W. Young (secretary), John P. Cameron (treasurer). (Young-Mahood Co.).	Pennsylvania, western..	4	Sugar.
W. A. Myatt.....	North Carolina, eastern..	4	Do.
L. W. Hood.....	do.....	4	Do.
L. F. Denton.....	do.....	4	Do.
Caveness Produce Co.....	do.....	4	Do.
W. B. Mann Co.....	do.....	4	Do.
L. Lewis.....	do.....	4	Do.
Howard H. Trussell.....	Maine.....	4	Sugar; held, \$500 bail.
Louis Bernstein, Moses Bernstein (proprietors Peoples Department Store, Council Bluffs).	Nebraska, Omaha.....	4	Sugar.
N. R. Cobern.....	Kentucky, eastern.....	4	Do.
W. M. Chapman.....	do.....	4	Do.
L. J. Reiter.....	do.....	4	Do.
John F. Block.....	California, northern.....	4	Do.
J. W. Jones & Co.....	North Carolina, western..	6	Hoarding sugar.
Thomas J. Henderson, of T. J. Henderson & Co.	Louisiana, eastern.....	4	Sugar.
Louis Palman.....	Illinois, northern.....	4	Do.
Michael Shafer.....	do.....	4	Do.
John E. Bunker <sup>1</sup> .....	do.....	5	Do.
Charles Sheehan.....	do.....	5	Do.
F. P. McDonald.....	California, northern.....	4	Do.
M. O. Thompson (manager Union News Co.)	Tennessee, eastern.....	4	Milk.
Emil Gronberg (Gronberg's market).	Montana, Butte.....	4	Sugar.
Otis Clark (Home Credit Co.)....	Tennessee, eastern.....	4	Clothing.
John R. Etridge.....	Maryland, Baltimore.....	4	Sugar.
Robert Neale Smith.....	do.....	4	Do.
Edward F. Burk.....	do.....	4	Do.
Morris Swedlow.....	Colorado, Denver.....	4	Do.
H. P. Press and Zell Green (proprietors P. & G. market).	Iowa, southern.....	4	Do.
Perry H. Aronson (proprietor Sanitary Grocery).	do.....	4	Do.
Roy M. Huntoon (proprietor Fulton Market Co.).	do.....	4	Do.
L. D. Lattner.....	California, southern.....	4	Flour.
John C. Lewis.....	Kentucky, western.....	4	Dry goods.
Leopold Sells.....	Maryland, Baltimore.....	(?)	
Stewart Dry Goods Co. (C. E. Brett, president).	Kentucky, western.....	4	Sugar.
John C. Lewis Co. (John C. Lewis, president).	do.....	4	Dry goods.
Kaufman Straus Co. (Henry Kaufman, president).	do.....	4	Wearing apparel.
Major Taylor & Co. (Major Taylor, president).	do.....	4	Meat.
Crutcher & Starks (G. R. Burton, president).	do.....	4	Clothing.
H. B. Selman Co. (H. B. Selman, secretary and treasurer).	do.....	4	Do.
Besten & Langen (Henry Besten, president).	do.....	4	Do.
Durand Perry (Elden E. Du Rand, president).	do.....	4	Do.
Rogers & Prater.....	Georgia, northern.....	4	Sugar; no bill returned by grand jury.
Henry Myerberg.....	Maryland, Baltimore....	4	Wearing apparel.
Simeon P. Richardson.....	do.....	4	Do.

<sup>1</sup> Pending.<sup>2</sup> Unknown.

## INCREASED PRICE OF SHOES.

*Statement showing status of shoes and leather for manufacture of shoes.*

Shoes without hobnails in depots available for issue.		Shoes declared surplus not available for issue.	Total.
Kind.	Quantity.		
Marching.....	1,443,823	.....	1,443,823
Russet.....	252,501	.....	252,501
Field, welt.....	.....	848,845	848,845
Field, metallic.....	.....	469,985	469,985
Commercial.....	32,970	.....	32,970
Marching, chocolate.....	.....	193,308	193,308
Russet, reclaimed.....	.....	466,112	466,112
Field, reclaimed.....	.....	342,246	342,246
Marching, reclaimed.....	.....	614,348	614,348
Miscellaneous, foreign.....	.....	10,956	10,956
Total.....	1,729,294	2,945,780	4,675,074

## LEATHER.

Kind.	Squarefeet.	Pounds.
Collar, russet.....	287	.....
Collar, tan.....	405	.....
Harness, russet.....	.....	237,827
Rawhide, calfskin.....	23,471	.....
Rawhide, cowhide.....	5,872	.....
Russet, calfskin.....	3,642	.....
Skirting, russet.....	1,055	.....
Strap, russet:		
5-6 ounces.....	8,834	.....
6-7 ounces.....	66,967	.....
7-8 ounces.....	541,137	.....
9-9½ ounces.....	4,168	.....
Total.....	655,839	237,727

None of the above leather is standard for manufacture of shoes, but all can be used for inside parts.

Senator McNARY. Is there anything further that you desire to state, Mr. Figg?

Mr. FIGG. I believe not.

Senator McNARY. Senator Jones, have you any additional questions you wish to ask?

Senator JONES of New Mexico. There is nothing in my mind now that I wish to ask.

Senator McNARY. Senator Pomerene, do you wish to ask any further questions?

Senator POMERENE. No; I believe not.

Senator McNARY. Senator Kenyon, have you any further questions?

Senator KENYON. No, sir.

Mr. FIGG. I might add this, Mr. Chairman, that I will be very glad to do so if you want me to appear again after reading over this memorandum which I am going to send you.

Senator McNARY. Are you going to leave the city any time soon?

Mr. FIGG. No, sir; I will be here all this week.

Senator McNARY. I might suggest that after the members of the committee have an opportunity to read the data you are going to furnish we will probably want you to appear before the committee again.

Mr. FIGG. All right. Any information that I can send you I will be glad to furnish on request.

Senator McNARY. The subcommittee will now stand adjourned subject to the call of the acting chairman.

(Whereupon, at 11.40 o'clock a. m., the committee adjourned subject to the call by the acting chairman.)

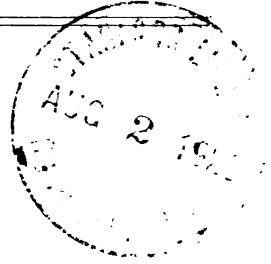
# INCREASED PRICE OF SHOES

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## HEARING

BEFORE A

### SUBCOMMITTEE OF THE COMMITTEE ON MANUFACTURES UNITED STATES SENATE



SIXTY-SIXTH CONGRESS

SECOND SESSION

PURSUANT TO

## S. Res. 317

**A RESOLUTION DIRECTING THE COMMITTEE ON MANUFACTURES  
TO ASCERTAIN IN EVERY PRACTICABLE WAY THE CAUSES  
FOR THE INCREASED PRICE OF SHOES IN THE  
UNITED STATES.**

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## PART 3

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Printed for the use of the Committee on Manufactures



WASHINGTON  
GOVERNMENT PRINTING OFFICE  
1920

## COMMITTEE ON MANUFACTURES.

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ROBERT M. LA FOLLETTE, Jr., *Clerk.*

## INCREASED PRICE OF SHOES.

TUESDAY, MAY 25, 1920.

UNITED STATES SENATE,  
SUBCOMMITTEE ON MANUFACTURES,  
*Washington, D. C.*

The subcommittee met in the committee room, Capitol, at 2.30 o'clock p. m., on call of the acting chairman of the subcommittee, Senator Charles L. McNary, presiding.

Present: Senator McNary (chairman) and Senator Jones of New Mexico.

Senator McNARY. Mr. Brand, you will please state your full name, whom you represent and in what capacity you appear.

### STATEMENT OF MR. EDWARD A. BRAND, NEW YORK CITY.

MR. BRAND. Edward A. Brand, secretary of the Tanners' Council of the United States of America, No. 41 Park Row, New York.

Senator McNARY. Describe the nature of that organization.

MR. BRAND. It is an association organized to assist its members with the various problems that are usually taken up by such an organization. We have a foreign trade bureau; an expert out in the field to assist our members to improve sanitary conditions in tanneries, and to bring about economies in production methods, and there are several other principal activities.

Senator McNARY. What is the membership of the council?

MR. BRAND. About 270.

Senator McNARY. Does that comprise all the tanners in the country?

MR. BRAND. No; Mr. Chairman. It takes in about three-fourths of the tanners I should say, but represents about 95 per cent of the leather production of the country.

Senator McNARY. Are the larger tanners of the country members of this organization?

MR. BRAND. Practically all of the large concerns are.

Senator McNARY. Is the Central Leather Co. a member of your organization?

MR. BRAND. Yes, sir.

Senator McNARY. Have you any capital stock?

MR. BRAND. No, sir. It is a nonstock corporation. It is purely a trade association.

Senator McNARY. Does your organization exercise any control over the various tanneries of the country?



Mr. BRAND. None whatever. It is a voluntary association.

Senator McNARY. How does your council function?

Mr. BRAND. Merely to assisting members along the line just indicated. Nothing important is done without the consent of the members themselves.

Senator McNARY. Do you keep an account, that is, does your association keep an account of the cost operations of the various tanneries?

Mr. BRAND. No, sir.

Senator McNARY. The cost of their products?

Mr. BRAND. No, sir; we have no information whatever about their costs. We have never gone into that. The only time that I recall when costs, or even prices, for that matter, were discussed was during meetings called by the War Industries Board when the Government was fixing prices.

Senator McNARY. Through this organization, do the tanners come to some understanding as to the prices to be fixed on the product?

Mr. BRAND. None whatever.

Senator McNARY. Then I do not see, really, any merit in your organization, except that it looks after the minor operating affairs of the different tanners.

Mr. BRAND. Mr. Chairman, I might give you a little more detail about our regular work, and probably that would throw some light on what you want to bring out.

Senator McNARY. All right.

Mr. BRAND. Our Foreign trade bureau, for example, publishes a house organ in three languages which is distributed to leather dealers all over the world. It furnishes information about the credit standing of buyers in the different sections of the world. We have recently secured a fund of \$33,000 for compiling a cable code for the leather industry. The last one in use is 40 years old. We have gotten out several world handbooks giving statistics of animal population and production of hides, skins, and production of leather in the different countries.

We get out one giving the tariff rates; an expert of the Department of Commerce assisted on this one. We got out another giving foreign trade-mark laws. As to the industrial expert, he visits tanneries and makes recommendations as to how to improve sewerage conditions and sanitation generally. He also gives a lecture entitled "The Romance of Leather Making," intended to elevate public opinion concerning the tanning industry. We have a cost accountant who is assisting our members to improve their bookkeeping methods. There are 11 distinct divisions in tanning industry, from harness leather to fancy leather. Our object is to help them all improve their methods of bookkeeping. We assist our members with transportation problems. For example, we had a case where the express company put a ruling into effect to limit the weight of paper-wrapped packages. If that rule had continued in effect it would have cost our members hundreds of thousands of dollars for cases. We now have several matters before the Interstate Commerce Commission. In a number of matters of this kind we have been of a great deal of assistance to our members; these also include removal of restrictions by foreign countries on importations and exportations of hides, skins, and leather.

Senator McNARY. You gather statistics for the benefit of all tanneries?

Mr. BRAND. We gather monthly statistics of the production of leather.

Senator McNARY. Then you attempt to promote the welfare of the various members of the organization?

Mr. BRAND. Yes, sir.

Senator McNARY. Through the means indicated by you a moment ago?

Mr. BRAND. Yes, sir.

Senator McNARY. I am not so much interested in that, nor is the committee or the Members of Congress. I wanted to get and hoped that you would be prepared to give statistics concerning the operating expense, the capitalization, and the profits that the various tanners have made during the last five years, and to learn some of the intricacies which enter into the leather industry.

Mr. BRAND. The Federal Trade Commission, as you know, is now conducting the Igoe investigation, and we are going to study their findings, and will be very pleased to answer any questions that are brought out as a result of that investigation.

I might tell you frankly, Senator, that our people want it understood that they will give any facts that the public wants to know. There is nothing to hide, but this is a highly complicated industry, and mere guesswork will not do.

I might say, further, that our industry is probably one of the most international in character that there is in the country. Half of the raw stock that we consume here comes from abroad, so that when you talk about prices of leather you must reckon with the fact that England, France, Scandinavia, and Germany, in fact all the countries of Europe, are in the markets at the principal sources of supply, such as South America, India, Australasia, and everywhere, competing against us in buying raw stock.

Senator McNARY. Hides are raw stock?

Mr. BRAND. Hides and skins and tanning materials are.

Senator McNARY. The most of the skins used in production of domestic shoes are purchased in the market from the packers?

Mr. BRAND. No, sir.

Senator McNARY. But the skins—kids and goats—come from abroad.

Mr. BRAND. No, sir; 40 per cent of cattle hides are imported.

Senator McNARY. Yes; something like 40 per cent.

Mr. BRAND. And 98 per cent of the goatskins are imported from India, China, Arabia, and other sections of the world.

It may be interesting to tell you something about calfskins. Only 20 per cent of the calfskins consumed in this country, or that have been consumed in this country, are produced here. Calfskin leather is the kind that many people want when they go to buy fine shoes. It is the highest-priced leather. Before the war, and I will take 1913 as the base year, \$24,500,000 worth of calfskins were imported into this country, of which \$22,000,000 worth came from Europe. I should say that one-third of those came from Russia. Now, that whole market has been cut off and never has been re-

placed as far as calfskins are concerned. I estimated recently—taking the figures of importation since 1914—that we are short something like 39,000,000 pieces of imported calfskin in this country, or the equivalent of three years' stock. Now, of course, some of that has been replaced by kips.

Senator McNARY. The truth of the matter is the great proportion of shoes are made out of hides and not out of skins.

Mr. BRAND. Not in the case of the best shoes.

Senator McNARY. I am not speaking of the best. I am talking about the great bulk of the shoes used; they are made out of hides.

Mr. BRAND. The majority of the best grades of men's shoes are made out of calf kip and kid leather, and the medium grades are made out of cattle side upper, or cowhide leather, as some people call it. Some of the best grades of women's shoes are made of kid.

Senator McNARY. Have not the prices of imported hides and skins decreased since last summer?

Mr. BRAND. No. I have here some figures that will show the contrary.

Senator McNARY. Isn't it true that they have declined from 30 per cent to 40 per cent in this country over the prices that were paid in August, 1919?

Mr. BRAND. Let me answer that in two ways: First I will take up the imported hides that you asked me about. These [producing a small statistical table] are average prices derived from figures of the Department of Commerce, and I am not going to use any but official figures; in fact, we have very few of our own. In 1913 the price of dry hides imported averaged 24.7 per cent.

Senator McNARY. Per pound?

Mr. BRAND. Yes, sir. Those are prices regulated by the law of supply and demand in the country of origin, not here.

Senator McNARY. Are those calfskins?

Mr. BRAND. Those are cattle hides. In 1918 the prices jumped to 29.2 cents; in 1919 they went to 35.7 cents. In 1920, in March, they were still higher, going to 40.5 cents on an average. That is for dry hides. I could give you the prices for green hides, but the result would be the same.

Now, let me take up our own domestic hides. There is where there has been a fall. We will take the month of May, 1919, before the jump came and then we will take September, which is the peak month, after the jump came, and then May of this year in order to give you the current figures.

Senator McNARY. Very well.

Mr. BRAND. In May, 1919, the average price of packer hides ranged around 34.5 cents. Then the price jumped to 43.25 cents in September, 1919. Now the price is back to 34.8 cents. So that it is now practically on a parity with last year. Now, as regards country hides, the average price in May, 1919, for a selected list—and this is information taken from Hides and Leather—was 26 cents, and in September, 1919, the average was 38 cents.

Senator McNARY. In May of last year, for country hides?

Mr. BRAND. Yes, sir.

Senator McNARY. They went to an average of 38 cents in September, did you say?

Mr. BRAND. Yes, sir.

Senator McNARY. That is 7 cents per pound under packer hides?

Mr. BRAND. About 5½ cents lower. Then they dropped back this year to an average of 24 cents.

Senator McNARY. Country hides are 10 cents per pound under packer hides now?

Mr. BRAND. Yes, sir. I might add that I think our people would be glad if I would say this, namely, that if the prices of hides and skins stay where they are now it will mean—probably 10 months hence when this raw stock comes out in the shape of finished leather—cheaper leather.

Senator McNARY. And therefore cheaper shoes.

Mr. BRAND. Yes, sir; I would like to make a little further explanation, if agreeable?

Senator McNARY. Certainly.

Mr. BRAND. A good many people who do not know of the intricacies of the tanning industry think that when hides are selling at a certain reduced price, then, within a few days leather must be selling at a lower price. The leather that is coming in on the market now and that which has been coming in for the last few months is that made of peak-price hides, but the leather that will come on the market later, as I have already described, will be made of low-priced hides.

Senator McNARY. In order that the record may show the time elapsing between the effect of the lower price of hides on leather used in shoes, will you explain that a little more clearly?

Mr. BRAND. You must first allow for the tanning, after the purchase of the hides. After tanning you must provide for the purchase by the shoe manufacturer. There is seasonal buying. The shoe manufacturer buys in the spring for the coming fall trade, and the tanner must buy in the previous fall for the coming spring. Take the old-time sole leather, and the methods for producing the very best grade are the same as used by our forefathers.

Senator McNARY. Hides went back in September, and during this year they are very much lower—something like 30 per cent?

Mr. BRAND. They have gradually dropped back.

Senator McNARY. How long may we expect the decrease in leather will be reflected in the price of shoes? When may we expect a reduction in shoe prices following this reduction in the price of hides?

Mr. BRAND. I should say that for purchases for next winter's shoes; not for fall; probably midwinter and the spring of 1921.

Senator McNARY. Then shoes made out of these hides bringing these reduced prices will be on the market?

Mr. BRAND. They ought to be.

Senator McNARY. In the winter of 1920?

Mr. BRAND. Some of them in the winter, but the bulk in the spring.

Senator McNARY. In the spring of 1921?

Mr. BRAND. Yes, sir.

Senator McNARY. Then you do look, and tanners look, and the organization which you represent look for a decrease in the prices of shoes following next winter—a year from this spring?

Mr. BRAND. With this proviso, that nothing unforeseen happens in the meantime.

Senator McNARY. Certainly.

Mr. BRAND. Of course, I might tell you with perfect freedom that business is rather slow in the leather trade now. You see, the foreign exchange situation has affected our export business pretty badly.

Senator McNARY. Isn't it true that the manufacturers of shoes and tanners are producing more material at the present time than the domestic consumption requires?

Mr. BRAND. Here is about the situation: I can not speak for the shoe manufacturers, but I can speak for the tanners. There are stocks on hand right now, and always have been, of the medium grades of leather—plenty of that, and there would seem to be an adequate supply of the best grades, but production is slowing up at this time on account of the reason which I have just given you, namely, foreign exchange. Another reason is that a good many shoe retailers are buying from hand to mouth. Of course, that reflects back upon the wholesaler to the shoe manufacturer and to the tanner.

Senator JONES of New Mexico. Before you get on to the question of export I would like to ask you a question on the point you were speaking of just a moment ago: You said that the price of leather had come down?

Mr. BRAND. No, Senator; the price of raw stock.

Senator JONES of New Mexico. Yes, sir; and the reason therefor was that the price of hides had come down?

Mr. BRAND. Yes, sir.

Senator JONES of New Mexico. And when that raw stock comes on the market in the way of tanned leather then leather would be cheaper, and you assume from that that shoes would then also be cheaper?

Mr. BRAND. Yes, sir.

Senator JONES of New Mexico. In other words, the tanner holds the hide for several months before he disposes of it?

Mr. BRAND. Well, it takes anywhere from one to six months and longer to tan leather.

Senator JONES of New Mexico. Yes, sir; so that the tanner has his capital invested in the hides for several months before he can dispose of the product and get his capital back?

Mr. BRAND. That is it exactly.

Senator JONES of New Mexico. And when he sells that leather—the finished product—he sells it on the basis of the cost of his raw material which entered into that product, as I understand it; is that right?

Mr. BRAND. Yes.

Senator JONES of New Mexico. That means that if he pays a lower price to-day for his raw material that will not be reflected for some months in the price of his finished product?

Mr. BRAND. Yes, sir.

Senator JONES of New Mexico. I would like to inquire if the market for his raw material—I mean the price of his raw material—is low to-day, and at the end of that period of months when he puts it on the market the price of raw material is then high, is it the custom of the leather dealer—I mean of the tanners—to allow a reflected low price in the sale of his finished product although he is paying a higher price then for the raw material which he is then buying?

Mr. BRAND. I should say that inasmuch as the bulk of the leather is contracted for before it is tanned, that it would be sold at a price in conformity with that of the raw stock.

Senator JONES of New Mexico. Then, you were mistaken a while ago when you said you expected that there would be a drop in the price of leather or of the finished product?

Mr. BRAND. No, sir; that ties into what I said. Shoe manufacturers would have to place their orders for fall and winter leather to-day; in fact, it would even have to be ahead of this. I would say that next spring's leather would be bought two or three months hence on the basis of current prices.

Senator JONES of New Mexico. I thought you said you had a lot of material on hand that you had no market for at the present time.

Mr. BRAND. I did not say that there was no market, but that trade is slow; that the market is waiting.

Senator JONES of New Mexico. That means that it was not contracted for beforehand?

Mr. BRAND. You see, next year's business ought to be contracted for now. The bulk should be.

Senator JONES of New Mexico. Take that part that was not contracted for at the time you bought your raw material, when you sell your finished product do you sell it on the basis of the cost of your raw material, regardless of the cost of material at the time of your sale?

Mr. BRAND. Well, I should say the same practice would follow.

Senator JONES of New Mexico. I supposed you knew about what is the practice.

Mr. BRAND. No; I told the chairman in the beginning that the staff of the Tanners' Council has no information as to what profits are made or what the costs are in the industry. I made that point clear, I think. I am only speaking from a general knowledge of the subject.

Senator JONES of New Mexico. You say that the system would be—

Mr. BRAND (interposing). What system?

Senator JONES of New Mexico. That you have just referred to.

Mr. BRAND. I did not refer to any particular system, Senator. I said that, in general, that would be about it. I have no information as to what the individual tanners really do.

Senator JONES of New Mexico. Well, if you do not know what the individual tanners do, how do you know what they do collectively?

Mr. BRAND. Well, that is the general practice.

Senator JONES of New Mexico. Then, you do not pretend to know about the methods of handling the tanners' products?

Mr. BRAND. No; I only possess general information.

Senator JONES of New Mexico. Then, that is all I care to ask you.

Senator McNARY. You spoke of two reasons that now confront the tanner which make his product move slowly; one is foreign exchange and the other is hand-to-mouth buying by the retailers?

Mr. BRAND. Yes, sir.

Senator McNARY. Do you think if that condition obtains during the summer there will be a reaction and a drop in the prices of

shoes; or that they will go along and not keep in mind the cheapness of hides, which will come on later?

Mr. BRAND. I do not know what will happen; our people will undoubtedly be studying the market and, if necessary, reduce production.

Senator McNARY. Are the stocks of tanned leather on hand now in excess of what was on hand at this time last year?

Mr. BRAND. Slightly, but last year was an off year. You see it was a war year, and tanners were not overstocked at all, except as regards such an item as offal. Present stocks compare favorably with those of the same period of 1918.

Senator McNARY. You have a reasonable amount of leather on hand?

Mr. BRAND. Yes, sir.

Senator McNARY. For all manufacturing purposes?

Mr. BRAND. Yes, sir.

Senator McNARY. For all manufacturing purposes?

Senator McNARY. And it is accumulating now, and has been for the last few months, in excess of that which occurred along in the fall?

Mr. BRAND. Well, I should say that there is some little accumulation, but I think the tanners have been watching conditions, and trying to produce accordingly.

Senator McNARY. Are all tanners operating to capacity limit?

Mr. BRAND. No. I would not like to say how much it is, but I have heard it is not more than 60 per cent of capacity.

Senator McNARY. What is the reason there is dropping off?

Mr. BRAND. I should think it was more because we have a larger capacity than we are able to consume; like other industries can produce more than we can consume.

Senator McNARY. So when you drop to 60 per cent in output of the tanneries you find that is sufficient to meet domestic demands?

Mr. BRAND. It seems that 60 per cent of the capacity to produce would be sufficient to meet both domestic and foreign demands.

Senator McNARY. Were you not running during the war to 100 per cent of capacity?

Mr. BRAND. No; I do not think they ever did run that high. They could not get the necessary labor.

Senator McNARY. When did the tanners start to reduce their output?

Mr. BRAND. I do not know that there has been any marked reduction at all in the past. I think it has been gradual over the past few months. I should say we never ran probably over 60 per cent during the war for the reason just pointed out.

Senator McNARY. Prior to the war in normal times the tanneries practically ran to full capacity, did they not?

Mr. BRAND. Prior to the war?

Senator McNARY. Yes.

Mr. BRAND. No, sir; I do not think they ever have. I have not the figures as to what they were doing before the war, but they had a period of depression along about 1912 to 1914.

Senator McNARY. Isn't it true that before the war the capacity was considerably larger than it has been in the last five months?

Mr. BRAND. I do not think so.

Senator McNARY. What do you mean by saying that they are only running 60 per cent of their capacity in comparison with former years?

Mr. BRAND. I do not mean in comparison with former years. But I mean as compared with the facilities of the tanners. I think the facilities of the tanners would be large enough to produce 40 per cent more.

Senator McNARY. If there was a demand for it?

Mr. BRAND. Yes; and if they had the labor.

Senator McNARY. Have you any acquaintance with the profits the tanners are making in the tanning of leather?

Mr. BRAND. Not a thing. I have not a bit of information on that.

Senator McNARY. The members of your organization have been very prosperous during the last few years. You know that to be true, of course?

Mr. BRAND. All industries have been more or less prosperous.

Senator McNARY. I am not speaking of all industries now. Isn't it true of the tanners?

Mr. BRAND. Yes; I should say that without qualification.

Senator McNARY. You know, as the secretary of this organization, that their net profits during 1916, 1917, 1918, 1919, and up to this time in 1920, far exceed any profits during the year 1914 and prior to 1914?

Mr. BRAND. I could not answer that for the reason that my connection with them began only in the fall of 1917. And, as I say again, I have no knowledge whatever about their profits.

Senator McNARY. The tanners have some understanding regarding the amount of their output, of the quantity that shall go upon the market?

Mr. BRAND. No, sir; I should say that there is more competition in our industry than in any other I know of. There is no understanding whatever.

Senator McNARY. How many tanneries are owned by the Big Five packers?

Mr. BRAND. Well, now, let me see. I will try to give them from memory as nearly as I can. I believe that Armour & Co. have in the neighborhood of 12.

Senator McNARY. That is as to Armour & Co. Now, how about Swift & Co.?

Mr. BRAND. Swift & Co. have gone out of the tanning business. I think you know that both Armour & Co. and Swift & Co., at the request of the Department of Justice, disconnected their tanning interests from the packing business and put the stock of the latter companies on the open market.

Senator McNARY. That is in process at this time?

Mr. BRAND. No; it is an actual occurrence. As I say, Armour & Co. have 12 tanneries. The National Leather Co., which is the former Swift Co., has about four or five tanneries, I believe.

Senator McNARY. Swift & Co. are interested in five?

Mr. BRAND. Yes. And Wilson & Co. operate tanneries.

Senator McNARY. Do you know the number?

Mr. BRAND. No; but they have several.



Senator McNARY. How about Cudahy?

Mr. BRAND. I do not know anything about Cudahy & Co.

Senator McNARY. How about Morris & Co.?

Mr. BRAND. Well, I might say in general as regards the others their tanning holdings are relatively small.

Senator McNARY. Now, the general question as to the output of leather during the course of the year, what proportion is from the agencies owned by the five big packers?

Mr. BRAND. Oh, it would be small, indeed. I could not tell you the percentage, as I have never figured it up, but I can say with perfect frankness that it would be a very small proportion of the total.

Senator McNARY. In view of the fact that the big packers control the domestic hide market and also own tanneries don't you think they more or less determine the value of the leather sold to the manufacturer?

Mr. BRAND. No; I think I can say again that the competition is quite open and that there are no understandings or controls, or certainly none that I know anything about. And I would tell you frankly if I did know.

Senator McNARY. You know that, perhaps, 70 per cent of the hides are packer hides, that go into shoes, don't you?

Mr. BRAND. No, sir; I could not say what proportion, but I should say that that would be excessively high.

Senator McNARY. Those are the figures I have in mind, although I may be wrong, and that those tanneries not owned by the packers have to go to the packers to get their raw material.

Mr. BRAND. You said 70 per cent. Let us see if I can not give an intelligent answer to that question—

Senator McNARY. There are two kinds of hides, packer hides and country hides.

Mr. BRAND. Instead of calling them "packer hides" let us call them inspected hides.

Senator McNARY. Well, the Federal Trade Commission and others treat them as packer hides.

Mr. BRAND. Well, that means hides not only produced by the Big Five but those produced by 200 or 300 other establishments that are inspected by the Department of Agriculture.

Senator McNARY. All right.

Mr. BRAND. I should say that the inspected hides represent about 60 per cent of the total production and country hides about 40 per cent. I am not in a position to say what proportion of inspected hides is produced by the Big Five packers, but it is considerable.

Senator McNARY. I thought I could turn to it in this excellent report of the Federal Trade Commission issued in August, 1919, but am not able to do so at this time. Mr. Brand, do you come in contact with the retailer or the broker or the wholesaler in shoes in any way?

Mr. BRAND. No.

Senator McNARY. The members of your organization sell direct to the manufacturer?

Mr. BRAND. Yes, sir; direct to the manufacturers, jobbers, and leather dealers.

Senator McNARY. You go to the jobber in that line?

Mr. BRAND. Yes, sir.

Senator McNARY. What amount of leather goes through the instrumentality of the jobber?

Mr. BRAND. I could not say off hand, but I should say the bulk of it is sold direct to shoe manufacturers.

Senator McNARY. You think so?

Mr. BRAND. Yes, sir.

Senator McNARY. Are sales usually made on contract for a period of time or as price changes occur from time to time?

Mr. BRAND. I have no direct information on that, but I should say that the contract would be made on the basis of current prices.

Senator McNARY. Has there been a great fluctuation in leather in the last three or four years during different periods?

Mr. BRAND. In prices?

Senator McNARY. Yes.

Mr. BRAND. Oh, yes; there has been quite a rise since 1913. There has not been much fluctuation, except in 1918 over 1917. The prices were a little lower in 1918 than they were in 1917, but in general the rise has been not exactly steady but continuous since 1913.

Senator McNARY. Has the rise in price of leather about corresponded with the rise in price of hides and skins?

Mr. BRAND. Yes; and I can answer that with some certainty. Take cattle-hide leather, for example. I will say that all prices of that leather correspond with the rises in prices of hides.

Senator JONES of New Mexico. Mr. Brand, did not you tell me a while ago that you made your contracts ahead, and that your sales depended upon the contracts that you made for the months that you purchased your raw material? In other words, that your prices were based upon the prices paid for the raw material at the time you bought it?

Mr. BRAND. I said that leather contracts would be based on the prices of hides at the time the contracts were made. Is that quite clear, Senator?

Senator JONES of New Mexico. No; it is not clear to me in connection with what I understood you to say before.

Mr. BRAND. Well, you understand—

Senator JONES of New Mexico (interposing). I thought you were trying to make it appear before that although the prices of hides might be coming down now that that would not be reflected in the prices of shoes for several months to come.

Mr. BRAND. Yes; that is right.

Senator JONES of New Mexico. Well, then, how do you make that correspond with the thought which I gathered, at least from what you are now saying?

Mr. BRAND. Well, supposing that a shoe manufacturer wants to buy some leather which he is going to use next winter and he would place his order now. The hides that would go into that leather which would be delivered to him next winter would most undoubtedly be hides that are now being bought at the lower prices. Consequently the contract would be made on the basis of the raw stock about as it stands to-day.

Senator JONES of New Mexico. Well then, would that manufacturer of shoes put up the price of his shoes if the price of hides should go up, to correspond with the then price of leather?

Mr. BRAND. I should not think he would. I should think the shoe manufacturer, like the tanner, would want to make his profit reasonable only.

Senator JONES of New Mexico. You say he would not do that, but if he should contract for leather at a high price now and the price of leather then should be lower he would still keep his price for shoes up?

Mr. BRAND. Well, but he would have his money invested in the leather.

Senator JONES of New Mexico. I am not commenting on the propriety of it at all but am trying to bring out the fact.

Mr. BRAND. Well, I think what you say ties in exactly with what I have tried to bring out, namely, that the price of shoes that would come out at the distant period would be based upon the price of raw stock to-day if the leather orders were placed to-day.

Senator JONES of New Mexico. Isn't this about it: If the shoe manufacturer buys cheap leather and the price of leather goes up he then puts up the price of his product to correspond with the then existing price of leather? But if it should go down he keeps his price up because he has got his money invested and, just as you say, he wants to get out? Isn't that it?

Mr. BRAND. Why, he would have to.

Senator JONES of New Mexico. Yes.

Mr. BRAND. He would have to do it.

Senator JONES of New Mexico. In other words, he tries to handle the situation so that he stands no chance of losing, but a very good chance to win?

Mr. BRAND. Well, I do not think so, Senator, but I want to tell you that our people are just as anxious to lower prices as is the general public.

Senator JONES of New Mexico. Well, doesn't that depend on whether there is any money in it or not?

Mr. BRAND. I should not think so. I do not think our people are money-grabbers; I think they care only for a legitimate profit.

Senator JONES of New Mexico. I think I have seen this statement recently, that as to the leather business, taking the industry as a whole, the profits during the past three years, after the payment of taxes, amounted to three times what your net profits were before the war and before the day of high taxes. I have seen that statement taken from statistics that have been given to the public.

Mr. BRAND. Well, I could not answer the Senator, because, as I said before, we have no information along that line in our office. And I might add that I am not even a tanner; I am a statistician and the secretary of the council.

Senator McNARY. Senator Jones, I think your statement is well borne out by the report of the Federal Trade Commission. In looking at page 27 of their report issued last August I find that among the list of tanners, that are indicated by numbers and not by names, it is shown there that in 1916 one made as high as 72 per cent and another one as high as 68 per cent, and another one as high as 69 per cent, and another one 48 per cent, and another one 77 per cent.

Mr. Brand, I think that is all I care to ask you. Unless you care to make an additional statement I do not believe there is anything we wish to ask you at this time.

Mr. BRAND. There is nothing further I wish to say.

Senator McNARY. Then the committee thanks you for your attendance here.

Mr. BRAND. And I wish to thank you for your courtesy.

Senator McNARY. I wish now to incorporate in the record an excellent letter received from Mr. Bernard M. Baruch, former chairman of the War Industries Board:

NEW YORK CITY,  
April 21, 1920.

MY DEAR SENATOR: Referring to the information you requested in regard to shoes, I directed that there should be prepared for you a summary of what took place in the War Industries Board which led up to the fixing of the price of shoes, copy of which is inclosed. I have also directed that there be sent you a copy of the articles which appeared in the New York World in reference to shoes and various items of clothing.

The difficulties in the situation, it seems to me, can be met only after we find out what the difficulties are, whether it is possible to correct them, and then to apply such corrective measures as are possible in the circumstances. So far as shoes are concerned, the difficulty lies in the increased price of raw materials as well as in the increased profits within each division of the industry which carries the raw materials up to the finished shoe and places it upon the public's feet.

During the war, and immediately afterwards, there developed a very great shortage of everything, particularly in items of food and clothing. This was due primarily to the use in the war of some twenty or twenty-five millions of men in the direct fighting and some one hundred to one hundred and twenty-five millions of men and women in the making and furnishing of munitions. Withdrawal of these one hundred and twenty millions of men and women from fields of production to those of destruction necessarily created a shortage of everything in the world. Normality can not come until these units have gone back into the fields of production, as the vast majority of them have already done, and which is increasing production. I am told by a reliable shoe man that by the end of spring he thinks the supply will be equal to the demand.

I do not see how normality in the production of things or even in the distribution of them can come until the world is at peace. And it must be a firmly established peace. There are many hundreds of thousands of men still in arms in Europe, facing one another across boundaries that should have been determined long ago. These men dare not drop their arms and return to peaceful pursuits of production for fear that they will be overrun by their neighbors. There will be no peace in the world until this is ended. There can be no return to normality in production until this is over. Think of how many things the hundreds of thousands of men in the armies of Europe could have produced since the armistice.

Think of how much beet sugar could have been produced in Germany, Poland, and Russia, how many shoes they could have made, how much coal they could have dug, how much clothing they could have made, how much hope and optimism they could be giving to the world instead of the pessimism and fears which come from destruction. From the very bottom of the heart of the world comes the crying need of peace in order that men and women can get back to work with hope supplanting the fears that have been in their hearts.

The problem that you have in hand is, What can be done to reduce the high costs of shoes and clothing? The only thing legally I know that can be at all helpful is to remove any illegal barriers which make for a restricted distribution of shoes and clothing, and the prevention of propaganda and advertisements which falsely state the scarcity of or impossibility of obtaining these things. The people of the country have become so alarmed by what I think are unreliable statements, that in order to protect themselves they have heretofore been willing to pay any price. I believe now that the continuity of the thought of scarcity has been broken. Another helpful thing would be to get our people to conserve and wear for a longer time their shoes and clothing until such time

as the supply had more nearly reached the demand. The overall movement will be valuable. It will teach people not to be afraid of wearing clothing and shoes that are somewhat worn, frayed, or patched. Old, patched clothes are evidences of courage and self-esteem. If people would use their shoes and clothing for 10 or 20 per cent more time, it would practically increase the production of those things by 10 or 20 per cent. Of course, there are a large number of people (and unfortunately they are those who are affected most, and who can afford least to pay) who can not extend the usage of their wearing apparel, because their limited means already have forced them to the utmost usage of their apparel.

It is the people of better means who should make the effort and set an example for economy and self-control. It is unfortunate that the spirit of sacrifice and self-denial which was so prominent during the war is not practiced more at this time. During the war when we fixed the prices of materials we also limited the uses to which they could be put. One of the inclosed letters which I am sending you (the one that is cut up) offers some really practical suggestions. I particularly call your attention to the last paragraph. Here is found the germ of a really great, practical idea. I do not know whether the people of the country would be ready to support a program of that kind.

In my opinion the situation is now correcting itself. It is unfortunate that we had to go through the cruel rise in prices, much of which, it seems to me, has been unnecessary. After all the law of supply and demand works all these problems out. But the difficulty with that law, like the law of the survival of the fittest, is that it works terrific hardship upon the weak, and upon those who can not protect themselves. It is the duty of the State to do what it can to protect the weaker elements in it. If one fixes a price, one has to limit the demand. But it is a curious thing that there seems to be food and clothing enough for all. Yet the whole community is bidding one against the other for the available supply.

This, I think, is due to several causes—one, the fact that there is a real shortage; the other to the fear of shortage. For instance, there is doubtless a scarcity of housing, which has resulted in much higher rents. But yet we do not see people sleeping in the streets any more than we see people going barefooted or naked. This shows that there really is enough to go around if we do not lose our heads in competing with each other. The difficulty about balancing the supply and demand is more a question of the human equation than anything else. The real value of such an inquiry as you are making must not be underestimated even if you do not apparently accomplish practical results immediately. Because full publicity regarding the facts in the case will help to educate the manufacturers and distributors as to their duty and their obligations in times like the present, and also educate and assure the public that there really is enough of everything to go around provided they will not become stampeded and will economize in the use of things in which there is not a great plenitude.

You must excuse this long, rambling letter, which is simply an expression of thoughts as they happen to be flowing from my mind at the moment. As it appears to me now, the only thing that can be done is to remove restrictions on manufacturing and distribution, check illegal profiteering wherever it exists, do what we can to stimulate production, try to inculcate some ideas of saving, economy, and plain dressing in the people until the supply has caught up with the demand, and get the hundreds of thousands of men in Europe back to work. I am at your service in case you wish to have me appear. But I do not know that I can add anything further, particularly, to what I have already said.

With best wishes, I am,  
Very truly, yours,

BERNARD M. BARUCH.

HON. CHARLES L. McNARY,  
*United States Senate, Washington, D. C.*

[Inclosure with Mr. Baruch's letter.]

As a result of enlisting the wholehearted cooperation of the entire shoe industry—manufacturers as well as retailers—the War Industries Board was prepared to save millions of dollars to the consuming public when the armistice necessitated the board abandon its plans. The result was to have been

attended through the standardization of shoe manufacture. This was possible, also, because of the voluntary cooperation of all engaged in the industry. At no time did the War Industries Board attempt any compulsory methods to secure needed reforms. Under the direction of the chairman of the War Industries Board the industry made its own plans. They were arranged at meetings at which were present representatives of all branches of the industry. These men all were anxious to aid the Government in every way possible. The chairman placed the actual work of arranging plans with committees representing every line of the trade. When the methods to be followed were worked out, they received his approval. The result was an agreement that was designed to release to the war-making branch of the Government men and materials vitally needed and the saving of money to the consumer.

Prices were fixed in three large and two small classes as follows:

Class C, for shoes that were to be sold at prices ranging from \$3 a pair to \$5.50.

Class B, for shoes to be sold between \$5.50 and \$8.50 a pair.

Class A, for finest grade of shoes to retail at from \$8.50 to \$12.

The two minor classes were Class D, which was designed to cover a very cheap grade of shoes that would retail below \$3 a pair, and Class X, in which were included footwear for Army officers—boots, special shoes to be made on individual lasts, and high-top boots for lumbermen, etc. It never was intended that the latter classes should be a material factor in the production.

In order that there should be no mistake in the minds of the producers that quality was not to be insisted on, the chairman of the War Industries Board told the trade committee, which finally worked out the plan, that:

"Of course it is understood that the quality of the shoe to be produced under the standardized plan shall be maintained to the fullest degree consistent with the new price schedule."

At the very outset it was found that there were some 650 styles of shoes being placed on the market in the United States. This, admittedly, was too many. Then it further developed that nearly every manufacturer was planning innovations from time to time, thereby adding to the number. Following conferences, the number of styles was reduced to 150, while it was agreed that no new lasts would be made and that those at present in use should be adhered to.

Following conferences between the various manufacturers and representatives of the retail trade there was held, on September 12, 1918, a conference participated in by the Shoe Leather Section of the War Industries Board and manufacturers and retailers from every section of the United States. The entire subject of voluntary restriction of styles and reduction in price of finished products was freely discussed. From the outset the business men present expressed themselves as willing to cooperate in every way with the Government. It was pointed out that if prices generally were to be fixed that there should be a range given that would allow the manufacturers to utilize all of the hides furnished and that the prices of the raw materials must be considered in agreeing on the figure at which the finished product was to be disposed of.

Following this preliminary meeting on September 12, 1918, a meeting took place between the representatives of the Leather Hides and Leather Goods Section of the War Industries Board and representatives of the shoe industry. At this meeting a general plan of regulation was agreed on. This plan had been approved previously by the following committees:

Representing the shoe manufacturers: J. F. McElain, Boston; J. Henry Seiz, Chicago; Frank R. Briggs, Boston; F. A. Miller, Columbus; H. W. Cook, Syracuse; Emil Well, Brooklyn.

Representing the retailers: John Slater, New York; J. P. Orr, Cincinnati; John O'Conner, Chicago; A. H. Gueting, Philadelphia; Warner Dyck, Atlanta; and Joseph Berberich, Washington.

On behalf of the War Industries Board it was explained that concerted action was necessary to release capital, labor, transportation, coal and other fuel and productive power to be used in winning the war. The agreement to be reached between the manufacturers and the dealers, it was stated, would eliminate the demand for highly expensive and extravagant materials and manufactures.

The class C shoes were to be designed especially for service and semidress, class B to be stylish and serviceable shoes of the best type, while class A was to represent shoes of the finest materials and superior shoemaking. There was,

to be no restriction below the lowest minimum price, but all agreed that there should be no shoes, except the few in class X, sold at a price in excess of \$11 a pair for low shoes and \$12 for high shoes. Each shoe sold was to be plainly marked with the class letter indicating the price group to which it belonged. This was intended to be for the information of the ultimate purchaser. The plan was accepted by the conferees, as also one which restricted styles and colors to the standardized plan.

The agreement entered into was submitted to the chairman of the War Industries Board and approved by him, to become effective on October 15, 1918. However, in order that there should be no loss to the trade it was arranged that all of the stock on hand should be disposed of before the standardized product should be placed upon the market.

Copies of the agreement were to be displayed in prominent positions in all of the retail shoe establishments in the United States. This agreement provided that the retailers should:

1. Carry and sell to the public at all times during the war only such footwear of a standard character as will suit the needs and the demands of the people.
2. Such shoes to be sold at a price that will prove economical and safeguard the public against extravagance during the war.
3. All prices to be based upon cost, plus transportation charges and plus a normal percentage of profit.
4. All prices to be divided into three general classes and to include shoes for all purposes.
5. All retailers agreed to market present stocks at prices based upon cost, plus normal percentage of profits.
6. Retailers pledged themselves to eliminate the sale of any shoes above \$11 a pair for low and \$12 a pair for high cut products.

It was arranged that the lower grades of shoes should be manufactured from natural chrome-leather splits, unlined, with full-grain sole-leather counters, all grain leather heels, and full vamp. Medium-grade shoes had the best grade of McKay sole and welt, good grades of stock in kid, calf, and high-grade side leather. The class A shoes were to be made in small volume from the very highest grades of leather. The colors allowed were dark brown, black, and white, while the use of patent leather was restricted to dress shoes and pumps. The maximum height of shoes also was regulated.

After the trade had agreed on the plans and they had been approved by the chairman of the War Industries Board, who was the court of last resort in the case, the War Industries Board took over the plan of informing the public of what had been done. Operating through the State Councils of National Defense the board reached some 200,000 retailers in every section of the United States. The board secured cooperation at all times between the wholesalers and the tanners and between the wholesalers and the retailers.

(Thereupon, at 3.20 o'clock p. m., the committee adjourned subject to call by the acting chairman.)







# INCREASED PRICE OF SHOES

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## HEARING

BEFORE A

### SUBCOMMITTEE OF THE COMMITTEE ON MANUFACTURES UNITED STATES SENATE

SIXTY-SIXTH CONGRESS

SECOND SESSION

PURSUANT TO

## S. Res. 317

A RESOLUTION DIRECTING THE COMMITTEE ON MANUFACTURES  
TO ASCERTAIN IN EVERY PRACTICABLE WAY THE CAUSES  
FOR THE INCREASED PRICE OF SHOES IN THE  
UNITED STATES.

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## PART 4

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Printed for the use of the Committee on Manufactures



WASHINGTON  
GOVERNMENT PRINTING OFFICE  
1920

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## INCREASED PRICE OF SHOES.

THURSDAY, MAY 27, 1920.

UNITED STATES SENATE,  
SUBCOMMITTEE ON MANUFACTURES,  
*Washington, D. C.*

The subcommittee met pursuant to the call of the chairman at 10.30 o'clock a. m., in the committee room in the Capitol, Senator Charles L. McNary, presiding.

Present: Senator McNary.

### STATEMENTS OF WILLIAM McADOO, JR., THIRD VICE PRESIDENT AND W. H. HARKNESS, GENERAL COUNSEL, OF THE CENTRAL LEATHER CO., OF NEW YORK.

Senator McNARY. Mr. McAdoo, you will please give your name and business in which you are engaged.

Mr. McADOO. My name is William McAdoo, jr., and my position is third vice president of the Central Leather Co. of New York.

Senator McNARY. Is the Central Leather Co. a corporation?

Mr. McADOO. Yes, sir.

Senator McNARY. What is the amount of its capitalization?

Mr. McADOO. It has approximately \$33,000,000 of preferred stock, \$39,000,000 of common stock, and \$36,000,000 of bonds.

Senator McNARY. 33,000,000 of outstanding bonds? What is the amount of surplus?

Mr. McADOO. Thirty million and odd. The preferred stock is \$33,299,050; the common stock is \$39,701,030.50; first mortgage 5 per cent bonds outstanding, \$28,978,650. In addition to this \$28,000,000 of 5 per cent first mortgage bonds, there are in the Treasury \$7,785,500. This was acquired out of stumpage money.

Senator McNARY. Stumpage?

Mr. McADOO. Yes.

Senator McNARY. I do not understand the term.

Mr. McADOO. We have a lot of lands—timberland.

Senator McNARY. Oh, yes. I know what that means; but I did not know what it meant with respect to shoes.

Mr. McADOO. Well, we get a great deal of bark—

Senator McNARY (interposing). For tanning purposes?

Mr. McADOO. For tanning purposes.

Senator McNARY. And where is your land located?

Mr. McADOO. In Pennsylvania, Wisconsin, and other parts of the States.

Senator McNARY. Did you give your surplus among the figures, Mr. McAdoo?

Mr. McADOO. I did not give the exact surplus—\$30,509,273.73.

Senator McNARY. Have you increased the capitalization of your organization since the outbreak of the war in 1914, and if so, to what extent?

Mr. McADOO. No, sir; we have not.

Senator McNARY. Do you own more than one tannery?

Mr. McADOO. Yes, sir.

Senator McNARY. Please place in the record the number which you own, and their location.

Mr. McADOO. Fifty-seven tanneries. They are located in the various States throughout the United States; in Pennsylvania and Wisconsin, and in North Carolina, Kentucky—I did not bring with me the exact location of every tannery.

Senator McNARY. That is all right. They are all operated under the general name of the Central Leather Co.?

Mr. McADOO. They are all operated under—Pennsylvania tanneries are operated under the name of the Elk Tanning Co.; the other yards, outside of those in Michigan, are operated under the name of the Union Tanning Co.

Senator McNARY. The capitalization you give here, Mr. McAdoo, does it include these concerns?

Mr. McADOO. Yes.

Senator McNARY. So all your properties have a capitalization and surplus as indicated in those figures?

Mr. McADOO. Everything included in those figures embraces our assets.

Senator McNARY. Do any of the Big Five packers, or any independent packers own stock in the Central Leather Co.?

Mr. McADOO. To our knowledge and belief, they do not. Your question is as to the leather companies—whether they own stock in the leather company?

Senator McNARY. Yes.

Mr. McADOO. I should say no.

Senator McNARY. Does the Central Leather Co. own any stock or any interest in any of the packer corporations?

Mr. McADOO. No, sir.

Senator McNARY. What amount of leather does the Central Leather Co. tan of the whole product of the tanneries of the country?

Mr. McADOO. My answer to that would be approximate, and I would say about 35 to 40 per cent.

Senator McNARY. So the Central Leather Co. is by far the largest institution doing a tanning business?

Mr. McADOO. It is the largest sole-leather institution.

Senator McNARY. Yes. Now, on the question of profits, you have the figures, I assume, that you can give me from the different industrial institutions which comprise this Central Leather Co. Can you give this committee, and for its benefit, the gross and net profits for the year 1913 and for the years following?

Mr. McADOO. Well, my memorandum is made up for net profits.

Senator McNARY. Very well.

Mr. McADOO. It is made up for the net profits of all the companies.

Senator McNARY. All the companies that were doing business under the name of the Central Leather Co.?

Mr. McADOO. Yes; in other words, profits of the Central Leather Co. In 1913 they were \$4,386,344.66; in 1914, \$4,876,923.39; in

1915, \$6,626,896.54; in 1916, \$15,489,201.05; in 1917, \$14,404,854.76; in 1918, \$6,476,434.27; and in 1919, \$14,288,481.28.

Senator McNARY. Have you got the profits for the first five months of this year?

Mr. McADOO. No, sir; I have not.

Senator McNARY. The profits that you have given over a period of seven years are upon the capitalization which you gave for the record a few minutes ago?

Mr. McADOO. Well, this was our capitalization, Senator, at the end of 1919. Our profits for those years were on invested capital; we vary a little.

Senator McNARY. You said you had not increased your capitalization since the war?

Mr. McADOO. Well, our capitalization, if you exclude surplus, has remained the same.

Senator McNARY. Of course, your surplus has grown from year to year?

Mr. McADOO. Yes.

Senator McNARY. What was your surplus in 1913?

Mr. McADOO. \$6,437,828.23.

Senator McNARY. Now, can you give the surplus for 1914, 1915, 1916, 1917, 1918, and 1919?

Mr. McADOO. Yes, sir; very gladly. For the year ending December 31, 1914, it was \$7,792,793.44; for 1915, it was \$10,500,722.36 for 1916 it was \$20,383,667.51; for 1917 it was \$28,884,511.27; for 1918 it was \$30,250,952.54; and for 1919, \$30,509,273.70.

Senator McNARY. Between 1915 and 1916 you doubled your surplus?

Mr. McADOO. Between 1915 and 1916—let us see; what was it in 1915?

Senator McNARY. It was ten million in 1915 and twenty million in 1916; you doubled your surplus in that year?

Mr. McADOO. Yes.

Senator McNARY. What was the reason for that?

Mr. McADOO. That was the year of the large demand on the part of foreigners for sole leather.

Senator McNARY. Then your profits were unusually large that year?

Mr. McADOO. There was an enormous demand for leather, and foreign countries were bidding against one another to get merchandise.

Senator McNARY. And your net profits in 1916 were fifteen millions.

Mr. McADOO. Yes, sir.

Senator McNARY. And at the same time you doubled your surplus—you increased it from ten millions to twenty millions?

Mr. McADOO. That was after the payment of preferred and common dividends.

Senator McNARY. Yes.

Mr. McADOO. The balance was carried as surplus.

Senator McNARY. What dividends does your preferred stock pay?

Mr. McADOO. Seven per cent.

Senator McNARY. What did your common stock pay in 1916?

Mr. McADOO. Eight and a quarter per cent.

Mr. HARKNESS. There was declared out of the earnings for 1916, 8½ per cent. One and a quarter was paid in the succeeding year.

Senator McNARY. What has been the highest dividend you have paid on your common stock since the beginning of the war in 1914?

Mr. HARKNESS. Nine per cent, declared in 1917.

Senator McNARY. That is the largest dividend that has been paid on any stock?

Mr. HARKNESS. Yes.

Senator McNARY. And preferred stock carries a 7 per cent guaranteed dividend?

Mr. HARKNESS. A 7 per cent preference dividend.

Senator McNARY. Why was there such a falling off in the net profits in 1918 and corresponding increase in 1919?

Mr. McADOO. In 1917 we entered the war, and there was a big flurry for leather of all kinds in that year, and in 1918 our operations were largely confined, for nine months, to Government service; in other words, we turned a great number of our tanneries from the line of leather that we had been making to making leather which the Government required.

Senator McNARY. That was in 1917?

Mr. McADOO. In 1918, that was.

Senator McNARY. When the net profits were six millions?

Mr. McADOO. Yes, sir.

Senator McNARY. Whereas the year before it was fourteen millions?

Mr. McADOO. Yes, sir.

Senator McNARY. Which showed a very marked decrease in 1918 over 1917 in the net profits?

Mr. McADOO. Yes, sir.

Senator McNARY. Then, in 1919 your profits returned to the abnormal sum of 14 millions, which was 190 per cent more than it was in 1918. How do you account for returning of business to that extent?

Mr. McADOO. The return of business was an economic condition. At the end of the signing of the armistice—or at the beginning of the armistice, there was a cessation in all industries, leather included. People were rather preplexed as to the future, and the first three months of last year were doubtful months as to what the future held for us. There sprang up, at the end of the first quarter, an abnormal demand for shoes and leather, and it continued throughout the entire year, until about November. The prices of raw stock advanced to the highest points that we have ever known.

Senator McNARY. That was in August of last year?

Mr. McADOO. The highest peak of our stock was made in August of 1919. Leather advanced, but never to the extent of the replacement basis of raw stock.

Senator McNARY. How many officers are salaried and connected with the Central Leather Co.?

Mr. McADOO. The officers of the Central Leather Co. are the chairman—

Senator McNARY (interposing). That is of the board of directors?

Mr. McADOO. Of the board of directors; the president, the first vice president, the second vice president, the third vice president, the secretary and treasurer.

Senator McNARY. Does the chairman of the board of directors receive any annual salary?

Mr. McADOO. \$40,000.

Senator McNARY. And does the president receive—

Mr. McADOO (interposing). \$40,000.

Senator McNARY. And the vice presidents?

Mr. McADOO. The three vice presidents receive \$35,000 each.

Senator McNARY. How long have they received these salaries?

Mr. McADOO. I will have to refresh my memory.

Senator McNARY. I might approach that in another way. How many salaried officers were connected with the Central Leather Co. in 1913?

Mr. McADOO. The same number.

Senator McNARY. The same number. And what were their salaries at that time?

Mr. McADOO. I am not personally able to answer that.

Mr. HARKNESS. They were approximately the same.

Senator McNARY. For what length of time have you paid salaries to your different officers? Over a wide range of years?

Mr. HARKNESS. Oh, yes.

Senator McNARY. Are these gentlemen all actively engaged in the management of the business?

Mr. McADOO. Every one.

Senator McNARY. Are these all the salaried officers that you have given me now, and the salaries they are receiving?

Mr. McADOO. Salaried officers; yes.

Senator McNARY. What do the board of directors receive?

Mr. McADOO. The board of directors is composed of officers, and then other members, and my recollection is that the outside members receive \$20 each for every attendance at a meeting.

Senator McNARY. What do the inside members receive?

Mr. McADOO. They receive nothing.

Senator McNARY. Has the company a general counsel?

Mr. McADOO. Yes.

Senator McNARY. What does he receive?

Mr. McADOO. Thirty-five thousand dollars.

Senator McNARY. No bonus is paid to any of these officers—

Mr. McADOO (interposing). None whatever.

Senator McNARY. For the amount of business transacted?

Mr. McADOO. No, sir.

Senator McNARY. No other emoluments coming to them outside of—

Mr. McADOO (interposing). None whatever.

Senator McNARY. Well, you have added the general counsel. Now, has the Central Leather Co. any other salaried officers?

Mr. McADOO. The counsel is not an officer.

Senator McNARY. Perhaps not an officer, and that may be a correct statement; but are there any others connected with it and receiving salaries in any other capacity, whether officers, agents, attorneys, or attachés of any kind?

Mr. HARKNESS. Well, all told, we have 9,000 employees in various capacities.

Senator McNARY. I am speaking about—in a larger capacity now; you have given the chairman of the board of directors, the several vice presidents and the general counsel—

Mr. McADOO (interposing). Outside of the officers, the balance of the employees are regular employees.



Senator McNARY. Have you a general manager?

Mr. McADOO. No, sir.

Senator McNARY. I do not care about the employees running down through the various companies that are operating under the name of the Central Leather Co. Do I understand that these salaries have been increased since 1913?

Mr. HARKNESS. No; I said they were approximately the same.

Senator McNARY. Have there been any additions to the officers of the company since 1913? Did you have three vice presidents in 1913?

Mr. HARKNESS. We had four.

Senator McNARY. You still have four?

Mr. HARKNESS. No; we have three.

Senator McNARY. I believe you stated your company controlled about 40 per cent of the sole-leather business of the country.

Mr. McADOO. Thirty-five to forty; yes, sir. That is, we produce and sell 35 to 40 per cent.

Senator McNARY. From whom do you purchase your hides—domestic hides I am speaking of now, mostly?

Mr. McADOO. We purchase our hides all over the United States.

Senator McNARY. But where do you get your largest supply?

Mr. McADOO. The largest supply of packer hides is obtained in Chicago.

Senator McNARY. They are from the packers?

Mr. McADOO. Yes, sir.

Senator McNARY. What percentage of the domestic hides do you purchase from the packers, out of the whole amount purchased?

Mr. McADOO. That I can not answer accurately.

Senator McNARY. You could not estimate it?

Mr. McADOO. I should say that it was probably about 50 to 55 per cent; 50 per cent.

Senator McNARY. And the balance are what are known as "country" hides?

Mr. McADOO. Country hides, or purchased in South America.

Senator McNARY. I am speaking of domestic hides.

Mr. McADOO. Then, I could not answer, Senator, accurately. The percentage of domestic hides that we buy which would be packer hides—I should say that would be approximately 40 to 50 per cent.

Senator McNARY. Do you buy by contract over a period of time, or do you pay the current price?

Mr. McADOO. Price current.

Senator McNARY. How much less are you paying for hides now than you were during August of 1919?

Mr. McADOO. In August, 1919, native steer hides were 53 cents.

Senator McNARY. That is per pound?

Mr. McADOO. Per pound. To-day they are about 35 cents. Branded cowhides were 50 cents in 1919, and are 32 cents to-day.

Senator McNARY. A tremendous decrease in the price of hides?

Mr. McADOO. Yes.

Senator McNARY. The price which you mention now—it is so greatly under the price paid in August of 1919—it has obtained since about the 1st of December of last year?

Mr. McADOO. With slight variations, but approximately; yes, sir.

Senator McNARY. Is there a great demand for hides at this time?

Mr. McADOO. Not at this time.

Senator McNARY. I want to keep on for the present entirely with domestic hides. Do you find that there is a surplus of hides?

Mr. McADOO. There is a surplus of some kinds of hides.

Senator McNARY. Well, take shoe leather; sole leather, not uppers?

Mr. McADOO. Sole leather—well, I should not say that there was a tremendous surplus at all, but a plentiful supply.

Senator McNARY. Are you having any difficulty in getting all the hides you want?

Mr. McADOO. No.

Senator McNARY. Is it not true, Mr. McAdoo, that you have experienced no difficulty whatsoever in getting all the hides that you need?

Mr. McADOO. At this time?

Senator McNARY. Yes.

Mr. McADOO. No; we have not experienced any difficulty.

Senator McNARY. And you have not for several months?

Mr. McADOO. No, sir.

Senator McNARY. Do you expect a decrease continuing in the price of hides through the year?

Mr. McADOO. It depends entirely on the demand.

Senator McNARY. Is leather selling—are you selling leather to the manufacturers cheaper than you did in August of 1919?

Mr. McADOO. Yes, sir.

Senator McNARY. Well, now, have you the figures to show whether the leather you are selling manufacturers of shoes has decreased in proportion to the decrease in the price that you paid for hides?

Mr. McADOO. You are making a comparison between the price of hides in August, 1919, and the price of leather—

Senator McNARY (interposing). Yes.

Mr. McADOO. The price of leather in 1919 never reached the parity of hides; it has declined, and I should say has probably not gone—the decrease proportionately has not been quite as much as it has in hides, because leather did not advance as rapidly as hides.

Senator McNARY. When did leather reach the peak in price?

Mr. McADOO. About the middle of July.

Senator McNARY. Of 1919?

Mr. McADOO. Yes.

Senator McNARY. You were speaking of sole leather?

Mr. McADOO. Yes, and in that connection I would like to say that in July of 1919 we had a meeting of our salesmen and went over the entire situation, and we all agreed to try and discourage speculation in leather. There was a tremendous demand for leather at that time and we agreed not to do too big a business. People were expecting higher prices and they wanted to come in and be protected, and we wanted to discourage speculation as much as we could, because we appreciated that things were getting too high and dangerous.

Senator McNARY. What did sole leather sell for in July, 1917, per pound?

Mr. McADOO. The price at that time, on light union backs was 96 cents a pound.

Senator McNARY. Light union backs?

Mr. McADOO. Yes. The equivalent of that was branded cow hides at 50 cents.

Senator McNARY. Then, let us take the packer hides——

Mr. McADOO (interposing). That is a packer hide.

Senator McNARY. The branded cow?

Mr. McADOO. Packer, branded cow.

Senator McNARY. That is not the highest quality of leather, though, is it?

Mr. McADOO. No, sir. The highest quality of leather made from domestic hides is the Belgian butt, as we manufacture it; that is made from native hide.

Senator McNARY. You were paying, then, for the native hides, about what price?

Mr. McADOO. Fifty-three cents.

Senator McNARY. And what were you getting for that leather, now?

Mr. McADOO. Ninety-six cents.

Senator McNARY. The same as now?

Mr. McADOO. Yes, for the reason that we had passed through the armistice, and the country was full of equipment leather, which was made from Belgium butt, and there was a surplus of it in the country.

Senator McNARY. Take these two kinds of leather; what are you receiving for them now?

Mr. McADOO. We are receiving, for the branded cow that we obtained 96 cents for—we are receiving about 84 cents; the Belgian butt that was 96 we are receiving \$1.16 for.

Senator McNARY. You are receiving more for that now?

Mr. McADOO. Yes, sir; because there was absolutely no demand for it at that time.

Senator McNARY. From those figures it is not indicated at all to me that there has been anything like an appropriate decrease in leather compared with what there has been in hides.

Mr. McADOO. Well, there has been, from the average price of hides; not from that particular peak point of August, 1919. There were not a tremendous amount of hides that could be bought, even at those prices, in 1919.

Senator McNARY. Well, is it not true, Mr. McAdoo, that the tanning business at this time, under the prices you are quoting, would be very much more profitable than at any other time in the history of your company?

Mr. McADOO. No, sir.

Senator McNARY. When you are paying very much less for hides and charging practically the same thing for the finished products?

Mr. McADOO. On the 50-cent branded cows, we should, to have made 10 per cent on our investment—we should have made and sold the leather at \$1.14, and the highest we received was 96 cents.

Senator McNARY. When did you reduce the cost of leather to the manufacturers?

Mr. McADOO. Since August of 1919? The market made the price

Senator McNARY. I appreciate that. Then, in August, 1919, you started a reduction of leather, the price of leather to the manufacturers?

Mr. McADOO. No, sir; I did not say that.

Senator McNARY. Well, when did you start?

Mr. McADOO. I can not lay my finger on the particular time. The market continued strong and high through August and September, and then in November the demand slackened, and the prices from the latter part of 1919 have gradually receded?

Senator McNARY. Then, we will suppose the date was November, 1919. Has there been a gradual sinking of prices since that time?

Mr. McADOO. A gradual recession, I should say.

Senator McNARY. Up to this time?

Mr. McADOO. Yes.

Senator McNARY. How much cheaper is the manufacturer of shoes getting his leather now than he did at this time last year?

Mr. McADOO. I don't think very much; I think the price is about, nearly, the same.

Senator McNARY. Then, if the prices are practically the same at this time as last year on leather, and hides are costing 60 to 70 cents less, how do you account for that situation?

Mr. McADOO. Hides at this time last year were approximately the same as they are to-day.

Senator McNARY. But if you will take the prices for August and September of last year—

Mr. McADOO (interposing). Well, that is because this is the spring. The hide situation in May of 1919, or in June, which we are practically at to-day, and the same hide situation to-day—they are not very far apart; neither are the prices of leather.

Senator McNARY. How long does it take for the cheaper hides to be finished and placed on the market so that the manufacturer can have them to put in the manufactured shoes?

Mr. McADOO. From the time we buy them?

Senator McNARY. Yes.

Mr. McADOO. About eight months.

Senator McNARY. Then, the price you are paying for hides now, which is considerably under the price of last summer, would be reflected in a lower cost of leather along in the early fall?

Mr. McADOO. It depends entirely on the demand for leather.

Senator McNARY. If the demand goes up you will still charge the same, an increasing price, even though the hides cost you less?

Mr. McADOO. Demand makes the price.

Senator McNARY. And demand determines the profit?

Mr. McADOO. Yes, sir. Our business is largely a speculative business, because we are obliged to buy hides so far in advance. We are bringing out to-day the high-priced hides of last year, and there is no profit in them at all.

Senator McNARY. On your part, do you anticipate a cheaper leather this summer or fall, or next winter or spring?

Mr. McADOO. I anticipate a market for leather some place around its present level. What it will be next spring, I can not say.

Senator McNARY. A few days ago a gentleman whose name I can not place now, secretary of the Tanners Council—

Mr. McADOO (interposing). Mr. Brand?

Senator McNARY. Yes. He gave quite confident assurance that shoes, in view of the conditions we have been discussing, would be somewhat lower this winter and next spring.

Mr. McADOO. I think they could still be lower, and it would not necessarily effect leather.

Senator McNARY. That is shoes?

Mr. McADOO. Yes, sir.

Senator McNARY. Do you concur in his opinion in that matter?

Mr. McADOO. I could not concur, because my vision does not carry me that far.

Senator McNARY. You do think, though, that shoes could be still lower at this time without causing anyone to make a sacrifice? If that is true, should it come from packers, who have the hides, or out of the pocket of the tanner, the manufacturer, or the retailer? Who should give up some of the large profits now being reaped?

Mr. McADOO. I think the proposition is largely a retailers' proposition.

Senator McNARY. And you think the retailer, Mr. McAdoo, is getting a little more than his share, as compared with the toll that you take?

Mr. McADOO. I am not in possession of definite information on that. My observation is my own, and my observation, as far as I am concerned, would be based on our increased price for our materials which go into the shoe.

Senator McNARY. And that is, that the retailer is taking a little more than he is entitled to?

Mr. McADOO. I would not, Senator, care to be on record as criticizing the retailer at all; but I do think that the retailer has sold the shoes at fair values, good prices.

Senator McNARY. You made the statement, now, and I want you to make good on it or retract it, that shoes could be lower than they are now——

Mr. McADOO (interposing). Yes, the reason——

Senator McNARY. And you claim that you are not making an exorbitant profit——

Mr. McADOO (interposing). No, sir.

Senator McNARY. And you finally said you thought it rested on the shoulders of the retailer?

Mr. McADOO. Yes. And in corroboration of that, I will say that during this period of high prices there is a shoe that has been turned out by Sheppard & Myers, the Hanover Shoe, which retails—the highest price, at \$6.50——

Senator McNARY (interposing). Is it good leather?

Mr. McADOO. Very good. We sell them large quantities of sole leather, and they use good leather.

Senator McNARY. If a shoe is sold by the retailer at \$22 to \$24, you think that the retailer is making a very handsome profit?

Mr. McADOO. There is an abnormal demand for certain styles. Now, we carried through 1919 what we called the "below par" grades of leather, because the manufacturers could not sell a cheap shoe made out of this leather. People wanted perfectly white bottoms; they wanted certain heights; they wanted certain tops, and they wanted certain toes, and when the public gets fastidious and requires something they generally get it in America. Those are all contributory causes.

Senator McNARY. I think some one was pleased to call it "foot millinery." Now women are quite as exacting in the styles and colors of shoes as of hats.

Mr. McADOO. Exactly. Women demand certain colors of shoes to match certain colors of dresses.

Senator McNARY. Now, Mr. McAdoo, following up the situation regarding leather, who is your strongest competitor in the leather business?

Mr. McADOO. I think they are all good competitors.

Senator McNARY. The largest, I mean.

Mr. McADOO. I do not know that anybody is particularly stronger than anybody else. The smaller tanner is just as good a competitor as anybody else.

Senator McNARY. That does not answer the question. Your company produces about 40 per cent of the sole leather of the country?

Mr. McADOO. Yes, sir.

Senator McNARY. Who produces the next largest amount? That is what I meant by your strongest competitor.

Mr. McADOO. I should say Armour & Co.

Senator McNARY. That is Armour, the packer?

Mr. McADOO. Well, that is the Armour Leather Co.

Senator McNARY. Yes, but owned by the Armour—

Mr. McADOO (interposing). I do not know that it is owned by them.

Senator McNARY. Well, I do. You rather think so, too, do you not?

Mr. McADOO. Well, I think that—

Senator McNARY (interposing). Of course you do.

Mr. McADOO. What I meant by that, Senator, was that I can go and buy their stock, the same as I can buy the stock of—

Senator McNARY (interposing). Can not you do that with the Central Leather Co.?

Mr. McADOO. Sure.

Senator McNARY. Armour has his own hides, his own tanneries, and you purchase a great many of your hides from Armour and other packers. Has there been any understanding or common agreement with respect to the amount of hides that will be purchased or tanned or the prices paid for them?

Mr. McADOO. By us?

Senator McNARY. All of the tanners, operating together.

Mr. McADOO. No, sir.

Senator McNARY. Has there been strict and strong competition?

Mr. McADOO. Absolutely, at all times.

Senator McNARY. Do you enter the hide market and find yourself in competition with the packers and other tanners?

Mr. McADOO. All the time.

Senator McNARY. What do you know about the statements made in the papers a few days ago—perhaps yesterday—that shoe manufacturers had reduced their production anywhere from 30 to 50 per cent?

Mr. McADOO. I don't know anything about that.

Senator McNARY. Is your company running to its capacity limit at this time?

Mr. McADOO. No, sir.

Senator McNARY. When did you slow up?

Mr. McADOO. Well, we slowed up about three weeks ago.

Senator McNARY. Did you not during the war run at full capacity?

Mr. McADOO. No, sir.

Senator McNARY. Well, have you ever?

Mr. McADOO. I do not think in the last 10 years we have ever run at full capacity.

Senator McNARY. In the fall of 1919 was not your output a little less than it was the year before?

Mr. McADOO. No; I think it was just about the same in 1919; I think a small percentage greater than in 1918.

Senator McNARY. Then, up to a month ago your output was as great as it had been at any time during the war?

Mr. McADOO. No, sir.

Senator McNARY. Then, please give me that. I do not want to question you all the time; please answer the question.

Mr. McADOO. Well, I tried to, Senator. You have been speaking of the war. You speak of 1917?

Senator McNARY. Yes.

Mr. McADOO. Well, our output—our percentage of capacity work in 1917 was the same as 1919, and in 1918 it was a little less.

Senator McNARY. Yes.

Mr. McADOO. That is the point I was trying to develop.

Senator McNARY. Now, three weeks ago, using that word over again—we all understand—the Central Leather Co. slowed up in its production?

Mr. McADOO. Yes, sir.

Senator McNARY. What was the reason for that, Mr. McAdoo?

Mr. McADOO. The sales of leather were practically nil.

Senator McNARY. To what extent did you slow up?

Mr. McADOO. About 10 per cent.

Senator McNARY. Only 10 per cent?

Mr. McADOO. I think about 10 or 12 per cent.

Senator McNARY. Now, Mr. McAdoo, will not that have the effect of maintaining the price of leather at the present level?

Mr. McADOO. Not necessarily.

Senator McNARY. Well, if you go ahead and manufacture hides into leather in excess of present demand it would cause a reduction, would it not?

Mr. McADOO. Yes; but when we buy hides to operate our tanneries—in other words, if you and I were in the tanning business and we were in a position where we were not selling our leather, and we had a quantity of leather coming through—and in other words, our output nil and our intake continuous, it would be a matter of good business for us to stop.

Senator McNARY. I am not arguing the business prudence or sagacity that you have demonstrated; but it is a fact, though, that it would have a tendency to maintain the present prices?

Mr. McADOO. Well, I am not certain of that; it just depends entirely on the demand; we could shut down entirely if there was no demand and not maintain the price.

Senator McNARY. Have other tanneries of the country slowed up?

Mr. McADOO. I do not know.

Senator McNARY. Has there been a marked decline in the buying of leather by the manufacturers of shoes?

Mr. McADOO. Yes, sir; and with regard to that, if I may be permitted, with regard to our slowing up, that is to quite an extent brought about by the transportation facilities. We could not get

hides at our tanneries in sufficient time to work. We would get a carload of hides and then we would be out of hides for quite a period, and you can not shut down a tannery one day and open it up the next.

Senator McNARY. I appreciate that. What is the cause that you have assigned for the manufacturer of shoes practically going out of the market, so far as leather is concerned?

Mr. McADOO. He is trying to find out what the public wants next season.

Senator McNARY. Is this an annually occurring event?

Mr. McADOO. Well, the shoe business runs in seasons. The people—the manufacturers, will be sending out their salesmen shortly for the season's run—

Senator McNARY (interposing). You do not mean to tell the committee, Mr. McAdoo, and have it go in the record, that this condition obtains every year, and the manufacturers and you together have slowed up to the extent that you have this year?

Mr. McADOO. No, oh no.

Senator McNARY. The truth is, they have not?

Mr. McADOO. Well, they have slowed up according to the demand for their shoes.

Senator McNARY. Has there been a dropping off since the war like there has been in the last three weeks?

Mr. McADOO. Yes, sir.

Senator McNARY. When?

Mr. McADOO. The last part of 1919; there was a cessation.

Senator McNARY. How long did that last?

Mr. McADOO. About three months.

Senator McNARY. Did that have any effect on you? Did you slow down in your output?

Mr. McADOO. No, sir; we continued about the same.

Senator McNARY. Then you are more disturbed this year, having slowed up 10 or 12 per cent, than you were at that time?

Mr. McADOO. We are more disturbed, because things are on a very much higher level. It takes more money to do business. The cost of the unit is greater.

Senator McNARY. Do you know to what extent the manufacturers of shoes have slowed up in production?

Mr. McADOO. No; I do not, Senator. I am not in the possession of any information on that point.

Senator McNARY. Are you exporting any of your leather?

Mr. McADOO. Not at the present time.

Senator McNARY. When did you cease that?

Mr. McADOO. When exchange got beyond \$4 export stopped.

Senator McNARY. When was that, do you remember?

Mr. McADOO. That was in the fall of the last year, about November.

Senator McNARY. All the leather you produce goes into the domestic trade?

Mr. McADOO. At the present time that is our only outlet.

Senator McNARY. Do you manufacture shoes at all?

Mr. McADOO. No, sir.

Senator McNARY. Are you interested in any of the manufactures of shoes?

Mr. McADOO. None whatever.



Senator McNARY. What per cent of your hides do you get from other countries?

Mr. McADOO. Around 35 to 40.

Senator McNARY. Have these hides declined within the last few months in price?

Mr. McADOO. Yes, sir; somewhat.

Senator McNARY. About corresponding to the domestic hides?

Mr. McADOO. About the same. And speaking of them, I speak now of South American hides.

Senator McNARY. Does the Central Leather Co. contemplate a further reduction in its output?

Mr. McADOO. I do not think they do. If we can get transportation conditions more normal and financial conditions cleared a little bit, I think that they could probably resume operations in some of the plants. We have some large plants, and it is absolutely impossible to run them on a carload of hides.

Senator McNARY. Certainly. It is true, I think, as a general proposition—I will make this a general inquiry—that profit since the outbreak of the war in Europe in the summer of 1914 greatly exceeded the net profits made in the years prior to the war?

Mr. HARKNESS. That is true, Senator, except for the year 1918, which I do not think is in excess of some of our years before the war; I have not got the figures with me.

Senator McNARY. Admitting that, your profits have been very much greater than in the prewar years?

Mr. HARKNESS. Yes.

Senator McNARY. Excepting in 1918?

Mr. McADOO. In 1914 our profits were normal—an average profit, and in 1915 they were a little greater than in 1914. Our largest profits were in the last few years.

Senator McNARY. Yes. Now, using that as a basis for this further inquiry, if your profits had remained normal in these years where huge profits have been made, and the manufacturer's profits had been kept on a normal basis, and the retailer's, the consumer could have had shoes a great deal cheaper than he has been getting them the last two years; is not that true, Mr. McAdoo?

Mr. McADOO. May I ask you to repeat that?

(The reporter then repeated the last preceding question by the chairman.)

Mr. McADOO. Yes.

Senator McNARY. In other words, Mr. McAdoo, we take the packer who supplies the most—a great percentage of the hides—and the tanner, who takes the hides from the packer, and the manufacturer who turns the leather into shoes, and the retailer, during these abnormal times, have all exacted an unusually high toll, which has brought shoes to the consumer at a tremendously high price. Is not that true?

Mr. McADOO. I do not think that they have exacted an enormously high toll.

Senator McNARY. A higher toll than in normal times?

Mr. McADOO. The prices have been higher than in normal times.

Senator McNARY. In these elements that I have enumerated, I would like to have you answer these questions frankly; if you do not agree with me, just say so.

Mr. McADOO. It has been the combination that has made the high prices.

Senator McNARY. I have given you a combination; is not that a satisfactory combination?

Mr. McADOO. And then, in addition to that, the public has made the high price of shoes. The public has been insisting on the very best thing in shoes. During the year 1919—take, for instance, in sole leather, we had certain lines of sole leather that were very much cheaper than our best grade of sole leather. We could not find very much of a market for those cheaper grades, because the manufacturer told us "that is not good enough for the shoe for which I have a call." What are you to do, Senator, when your maid asks you where you can get a good pair of shoes, and you tell her to go to the Hanover Shoe Co. and get them, that she can get a good pair there for \$6; and two or three days after that you ask her if she bought her shoes and she says, "Yes," and you ask her, "Did you get them at the Hanover?" And she says, "Oh, no." And I said, "Didn't you go there?" And she said, "Yes; but they only had a couple of colors; they only had a certain height." And I said, "May I ask you what you bought?" And she showed me a pair of high-top suede shoes; and I said, "What did you pay for those?" And she said, "Sixteen dollars." "That was foolish," I told her, "you should not have done it," she replied: "Is not this my money, Mr. McAdoo?"

Those are contributing factors in this situation. The people have demanded the very best kind of a shoe, and the result has been that there has been certain lines of upper leather and certain lines of sole leather that have not been very largely used, and the demand for the higher-priced stock has made the advance in the market.

Senator McNARY. There is no doubt of that, at all. That is one of the factors that has contributed to the present price of shoes; but it is a proposition that the tanner has taken a little more in the way of profits out of the business than he used to before the war; is not that true, Mr. McAdoo?

Mr. McADOO. I should say no; his business is larger, and his profits therefore, of necessity, would be greater.

Senator McNARY. Now, do you mean to tell this committee that you have not prospered since the war far in excess of a corresponding number of years before the war?

Mr. McADOO. We have prospered; yes.

Senator McNARY. Certainly you have, and we all know it; it is fair to admit it. It would be interesting, perhaps, for you to read a report on the leather and shoe industry by the Federal Trade Commission, and an article in the Sun and Herald of February 23, regarding the profits of the Central Leather Co.

Mr. HARKNESS. Would you permit me to make a statement in regard to that, Senator?

Senator McNARY. Certainly.

Mr. HARKNESS. With respect to the report on the shoe and leather industry by the Federal Trade Commission, on page 28 they refer to "one company is omitted, because its investment was very large and because its profits are abnormally low. The investment of this large company is so great that it dominates Group IV." By reference to later testimony you will see that that referred to the Central

Leather Co. I want also to bring to your attention the fact that the investment of the Central Leather Co. is \$103,000,000 and its return on capital invested is slightly over 14 per cent. I am not familiar with the article in the Sun and Herald to which you refer. [Examining paper.] That is a capitulation of the annual report of the company, and it depends on how you rearrange those figures. It is true that our profits in 1919 were fourteen million odd as against six million odd in 1918. One reason for that very large profit was that in the fall of 1918, when conditions were very subnormal, the leather company went in and bought large quantities of hides. Shortly after that, because of general world conditions, there was a tremendous advance in the price of hides; and then another large factor in that was that the Central Leather Co. was carrying a very large quantity of what was known as "offal," that having accumulated because of the Government requirements; it was what was left after supplying the Government's needs; we had to accumulate and carry that, and there was practically no market for it until early in 1919, when European countries came in and took that off our hands. That was also largely responsible.

Senator McNARY. Mr. McAdoo, are you familiar with the efforts made by the Government, through the War Industries Board, in September, 1918, to have the different manufacturers and the tanners agree upon a price-fixing scheme for shoes?

Mr. McAdoo. I have some general information.

Senator McNARY. And the highest priced shoe was agreed to be fixed at \$12?

Mr. McAdoo. Yes, sir.

Senator McNARY. Now, your company was in on that proposed scheme, I assume, being such a large producer of leather?

Mr. McAdoo. When was this?

Senator McNARY. In September, 1918.

Mr. McAdoo. Well, at that time the Government was regulating the prices of leather.

Senator McNARY. Of course, the armistice prevented the adoption of this plan; had it been adopted by the Government, you would have been compelled to sell leather at very much less than you subsequently charged, would you not?

Mr. McAdoo. True; but we would also have had a fixed price for hides, which would have been a basis for nice certainty in calculation.

Senator McNARY. Now, if the hide market continues as it is now, with plenitude of stock, and a very much less price than you paid in the summer of 1919, it would inevitably cause a reduction in the cost of leather, would it not?

Mr. McAdoo. It would bring down the price of leather.

Senator McNARY. Now, Mr. McAdoo, is there any other general statement that you wanted to make after the series of questions—any general statement that you desire to make with your appearance here?

Mr. McAdoo. I have not anything to add, except that the tanning business, Senator, is quite a speculative business. It is a proposition of around eight to nine months before the hides we purchase come out in leather, and I think you can appreciate it is almost a physical impossibility to forecast the future to that extent; therefore, we will have at times profitable leather from low-priced hides and at other

times we will have very unprofitable leather from high-priced hides; and the average of the tanning proposition should not be confined to one or two years' duration; it should be judged from an operation for, say, six or seven years, out of which you will get an average. We do not manipulate the market for leather at all. Demand makes the price.

Senator McNARY. That is true. Now, on that point, Mr. McAdoo, in ordinary years what percentage of the leather that you produce from hides is shipped out of the country?

Mr. McAdoo. Well, prior to the war, I should say our business outside of the country ran around 10 to 12 per cent.

Senator McNARY. Now, on account of the adverse rate of exchange that is kept at home?

Mr. McAdoo. Yes.

Senator McNARY. By practically all tanners?

Mr. McAdoo. Yes.

Senator McNARY. Would not that inevitably, if it continues, cause a surplus in leather and hides, and in shoes for American public?

Mr. McAdoo. Well, there will be that additional amount of leather to be consumed.

Senator McNARY. And that is another element that we might look to to bring down the prices?

Mr. McAdoo. That is true, provided the American public—the shoe manufacturer, rather, can sell the shoes to the American public, made out of a particular kind of leather. The leather that I have in mind is largely a hemlock leather, which is used largely in Europe, and in England especially.

Senator McNARY. Could you take a hide, an ordinary native hide—what will it weigh? About 70 pounds?

Mr. McAdoo. If it is a winter hide it will be heavy, and long-haired—

Senator McNARY (interposing). Take an average hide, and place in the record the amount of shoe leather that would be tanned out of it.

Mr. McAdoo. It would be an approximate answer.

Senator McNARY. That is what I want.

Mr. McAdoo. The various kinds of leather—take a butt branded hide, what we know as a packer butt branded hide, June take off, would weigh probably around 62 pounds, and you will get about 45 pounds of leather from it.

Senator McNARY. That is sole leather exclusively?

Mr. McAdoo. Yes.

Senator McNARY. Is there anything further, Mr. McAdoo?

Mr. McAdoo. Of the merchandise we produce there is used in a man's shoe, as represented by the outsole, insole, counter, heel, and top about \$2 worth of leather per pair, at present prices.

Senator McNARY. That is all the leather that goes into a pair of shoes?

Mr. McAdoo. All the sole leather; now, you have got the upper leather—

Senator McNARY (interposing). Can you give that?

Mr. McAdoo. No.

Senator McNARY. You make uppers?

Mr. McADOO. I am not accurately acquainted with that.

Senator McNARY. Would it be as much, Mr. McAdoo, the upper leathers?

Mr. McADOO. The upper leathers would be greater than the other.

Senator McNARY. A greater cost?

Mr. McADOO. Yes. Here [indicating] is a little memorandum that I have of all the material—this was taken sometime back—raw material, in bottoms, insoles, outsoles, counter, etc., figured at \$1.81. The present price is higher.

Senator McNARY. Do you care to make a further statement, Mr. Harkness?

Mr. HARKNESS. I think not, Senator. I think the whole subject is rather involved, and it is impossible to make any statement that is comprehensive.

Mr. McADOO. I would like to add that our corporation is conducted honestly and fairly. We treat our people as we would like to be treated, and they are the best evidence of our treatment and policy.

Senator McNARY. I thank you gentlemen very much for the information furnished the committee.

(Whereupon, at 12.05 o'clock p. m., the committee adjourned to meet at the call of the chairman.)









